

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

Case No. 10-CR-20403

Hon. Nancy G. Edmunds

v.

D-1 KWAME M. KILPATRICK,
D-2 BOBBY W. FERGUSON, and
D-3 BERNARD N. KILPATRICK,

Defendants.

_____ /

JURY TRIAL
VOLUME 44

Detroit, Michigan - Wednesday, December 5, 2012

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*Proceedings recorded by mechanical stenography.
Transcript produced by computer-aided transcription.*

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| BKF 5 | 75 |
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| D-Cobo 10A and 10B | 56 |
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1 **Detroit, Michigan**

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3 **9:20 a.m.**

4 - - -

5 **THE COURT:** Good morning.

6 (Jury in 9:22 a.m.)

7 **THE COURT:** Good morning. Be seated. Next witness.

8 **MR. BULLOTTA:** Yes. Thank you, Your Honor. Good
9 morning. United States calls Special Agent Robert Beeckman --
10 I should say recalls.

11 **THE COURT:** Agent Beeckman, I remind you that you're
12 still under oath.

13 **THE WITNESS:** Yes, ma'am.

14 **MR. BULLOTTA:** Your Honor, before we get going, I'd
15 like to actually move to preadmit certain exhibits to save
16 time.

17 **THE COURT:** Sure.

18 **MR. BULLOTTA:** Specifically, we have some text
19 messages that are marked Cobo 3, Cobo 4, Cobo 5, Cobo 6,
20 Cobo 7, Cobo 12 and Cobo 14. And then we also have a mayor's
21 calendar, two pages, Cobo 9 and Cobo 10, and then there's a
22 phone call on Bernard Kilpatrick's phone line which is marked
23 Cobo 25 that's been provided to the defense.

24 So I'd move all those exhibits in so we can have a
25 more seamless presentation.

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1 **MR. SHEA:** No objection on behalf of
2 Bernard Kilpatrick.

3 **MR. THOMAS:** And none on behalf of Kwame,
4 Your Honor.

5 **MR. BULLOTTA:** Agent Beeckman, good morning.

6 **THE COURT:** Well, let's -- and Ferguson?

7 **MR. RATAJ:** Yeah, we don't have any.

8 **THE COURT:** All right. Received.

9 (Government's Exhibits Cobo 3 through 7, Cobo 9,
10 Cobo 10, Cobo 12, Cobo 14 and Cobo 25 received
11 into evidence.)

12 (9:23 a.m.)

13 **DIRECT EXAMINATION**

14 **BY MR. BULLOTTA:**

15 Q. Good morning.

16 A. Good morning.

17 Q. Were you present for the direct and cross examination of
18 Karl Kado the last two days?

19 A. Yes.

20 Q. And did you hear Mr. Shea on behalf of Mr.

21 Bernard Kilpatrick asking Mr. Kado about Bernard Kilpatrick
22 placing lottery number bets at Karl Kado's brother, Andrew
23 Kado's liquor store?

24 A. Yes.

25 Q. Do you know the name of the liquor store we're talking

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1 about?

2 A. Yes, it's called Tunnel Liquor.

3 Q. And where is that located?

4 A. In the Millender Center.

5 Q. And during the course of the -- you've already testified
6 about this, that the FBI conducted wire interceptions of
7 Bernard Kilpatrick's cell phone between June of 2007 and April
8 of 2008?

9 A. Yes.

10 Q. And during that time, did you -- and you've listened to a
11 lot of those calls, haven't you?

12 A. Yes.

13 Q. Did you hear any calls involving phone calls to the Tunnel
14 Liquor by Bernard Kilpatrick to play those numbers on the
15 lotto?

16 A. Yes.

17 **MR. BULLOTTA:** And now I'd like to play, if I could,
18 Cobo 25.

19 **MR. SHEA:** Could we have a date?

20 **BY MR. BULLOTTA:**

21 Q. Yes, I'm sorry, could you --

22 A. August 3rd, 2007.

23 Q. August 3rd, 2007, thank you.

24 **THE COURT:** Yes?

25 **A JUROR:** Is this Cobo --

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1 **MR. BULLOTTA:** This is Cobo 25.

2 **THE COURT:** These have been preadmitted. We just
3 did that. 3 through 7, 9, 10 and 25 are all in evidence.

4 **MR. BULLOTTA:** And 12 and 14, I believe, too.

5 **THE COURT:** I'm sorry, 12 and 14.

6 **BY MR. BULLOTTA:**

7 Q. So this is a call on August 3, 2007 on Bernard Kilpatrick's
8 cell phone?

9 A. Yes.

10 Q. And who is talking on the call?

11 A. Bernard Kilpatrick and Andrew Kado.

12 Q. And who is Andrew Kado?

13 A. He's Karl Kado's brother.

14 Q. And does he run the Tunnel Liquor?

15 A. Yes.

16 Q. Okay.

17 (Government's Exhibit Cobo 25, audiotape, was
18 played.)

19 **BY MR. BULLOTTA:**

20 Q. Can you explain what's happening on that phone call?

21 A. Yes. It's -- Mr. Kilpatrick is playing the numbers over
22 the telephone and had run up a tab, and Mr. Kado is confirming
23 what that tab is, and he says that it's \$720 for those two
24 days.

25 Q. That was just for the two days?

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1 A. Right.

2 Q. And did you listen to other calls that were like that,
3 similar to this --

4 A. Yes.

5 Q. -- where Mr. Kilpatrick was placing bets?

6 A. Yes.

7 Q. And how many other calls like this did you find?

8 A. One hundred fifty-nine.

9 Q. And did that include the time period through April of 2008?

10 A. Yes, it goes from June of '07 to April of 2008. There are
11 158 on his cell phone and then one in the one-month period that
12 we were intercepting his home phone.

13 Q. And they were all to the Tunnel Liquor?

14 A. Yes.

15 Q. Yesterday, did you hear Mr. Shea cross examine Karl Kado
16 about speaking to you about what he referred to as dementia?

17 A. Yes.

18 Q. Can you explain when --

19 **MR. SHEA:** Excuse me. I didn't talk to Mr. Kado
20 about dementia at all.

21 **THE COURT:** I think it was Mr. Thomas.

22 **MR. BULLOTTA:** I'm sorry, it was Mr. Thomas. I
23 apologize. Mr. Thomas. Thank you, Mr. Shea.

24 A. You're right. Mr. Thomas did, right.

25

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1 **BY MR. BULLOTTA:**

2 Q. Tell us when, when Mr. Kado mentioned that to you, explain
3 the circumstances, if you could.

4 A. Yes, it was last fall, I was speaking with Mr. Kado about
5 an unrelated topic, and he mentioned to me that he was possibly
6 getting dementia, and then I made a note of it, and then as we
7 were preparing for trial later in the spring, one of the
8 responsibilities of the case agent is to document exculpatory
9 information which could be used by the defense, and that's just
10 one of those particular things.

11 So I called Mr. Kado back to flesh out the details
12 of, you know, whether it had ever been diagnosed by a doctor
13 and so forth, and at that point --

14 Q. Had it been diagnosed by a doctor?

15 **MR. THOMAS:** Objection. That's collateral. It's
16 hearsay.

17 **MR. BULLOTTA:** Goes to Mr. Kado's state of mind and
18 ability as a witness. It was probed into by defense.

19 **MR. THOMAS:** Judge, if that's the case, I want to
20 have --

21 **THE COURT:** Sustained, sustained.

22 **MR. THOMAS:** Can we do a side? Sustained, okay.

23 **THE COURT:** I said I'm sustaining your objection.

24 **BY MR. BULLOTTA:**

25 Q. So Mr. Kado didn't call you back again to talk about

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1 dementia, as Mr. Thomas asked Mr. Kado?

2 **MR. THOMAS:** Objection. Now he's testifying as to
3 what was said in court. The jury is going to decide.

4 **THE COURT:** Overruled.

5 A. No, I was just calling Mr. Kado back to flesh out the
6 details and find out if that was a diagnosis by a doctor or if
7 that was just something that he was saying to me in the
8 previous conversation.

9 So I documented both of those conversations; the
10 first one when he brought it up the first time, the second time
11 when I was asking him the questions, put that in one report and
12 then we turned it over to the defense attorneys.

13 **BY MR. BULLOTTA:**

14 Q. So it's fair to say that Mr. Kado didn't keep calling you
15 and telling you that he had dementia?

16 A. That's right.

17 Q. You were following up?

18 A. Correct.

19 Q. How many interactions do you think you've had with Mr. Kado
20 since when, 2006, January 2006?

21 A. Yes, there was some --

22 Q. And I'm talking about phone calls, in person.

23 A. Yes, there was some testimony about that yesterday, and I
24 know Mr. Kado was asked, could there have been as many as 50
25 interviews. There may have been 50 times where, you know, all

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1 together with meetings and so forth between the FBI, the IRS
2 and the U.S. Attorney's Office, and in addition to that, you
3 know, me calling Mr. Kado and asking my questions and so forth,
4 all together it's possible there were 50. I don't have the
5 number off the top of my head.

6 Q. But it was quite a few times?

7 A. Yes.

8 Q. And in any of your interactions with Mr. Kado, did he
9 appear to you to be forgetful or have some problem with his
10 memory?

11 A. Nothing out of the ordinary, no.

12 Q. And did he provide you information on, not only involving
13 this case, but on other, involving other political officials in
14 the City of Detroit?

15 A. Yes.

16 Q. And has his information ever proved to be false or
17 misleading to you?

18 A. No.

19 Q. I want to ask you about the contracts that Mr. Kado spoke
20 about in your investigation. Do you remember Mr. Kado talking
21 about first getting the cleaning contract at Cobo Hall in the
22 spring of 2002?

23 A. Yes.

24 Q. And then the electrical contract in February of 2003?

25 A. Yes.

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1 Q. So the first contract he got was the maintenance contract
2 at Cobo?

3 A. Yes.

4 Q. And then the second one was the electrical, correct?

5 A. Correct.

6 Q. I'm going to show you now Cobo Exhibit 3. If we could
7 publish that, and I'm going to ask you what this is. Is this a
8 text message?

9 A. Yes.

10 Q. Between whom and whom?

11 A. Bernard Kilpatrick and Derrick Miller.

12 Q. And at the time in April of 2002, what was Derrick Miller's
13 position in the City of Detroit?

14 A. He was the chief administrative officer.

15 Q. And as part of his duties, based on your investigation, did
16 he oversee Cobo Hall?

17 A. Yes.

18 Q. And the director there?

19 A. Yes.

20 Q. Okay. And what is this, can you read this text message
21 from Bernard Kilpatrick?

22 **THE COURT:** I'm sorry, is this in evidence?

23 **MR. BULLOTTA:** Yes, this is one of the ones I moved
24 in, Cobo 3.

25 **THE COURT:** Which number is this?

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1 **MR. BULLOTTA:** Cobo 3, Your Honor.

2 **THE COURT:** Cobo 3.

3 A. Okay. "Mr. Kilpatrick: Don't forget the two letters to
4 HUD. One, Robert Brown 226-4375 ext 8145, director of
5 multi-housing. Two, same guy, status of Rochdale on
6 Lafayette."

7 Reply from Derrick Miller is, "Yes."

8 **BY MR. BULLOTTA:**

9 Q. I'm really interested, I'm sorry, in the last -- can we
10 blow up this last, the relevant portion here?

11 A. Reply from Bernard Kilpatrick is, "Last thing for today,
12 you have to call Lou and give okay for Karl to deal with the
13 electrical contract in June."

14 Q. So this is Bernard Kilpatrick telling Derrick Miller to do
15 what?

16 A. To call Lou and give the okay for Karl to deal with the
17 electrical contract in June.

18 Q. And who is Lou, based on your investigation?

19 A. Lou Pavledes.

20 Q. And what position did he have with respect to Cobo Hall?

21 A. He was the director.

22 Q. And who did Derrick Miller report to?

23 A. Kwame Kilpatrick.

24 Q. Thank you. I want to show you now Cobo 4. And this is
25 approximately one week later, April 24, 2002.

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1 **MR. BULLOTTA:** And this is Cobo 4, Your Honor.

2 **THE COURT:** Yes.

3 **BY MR. BULLOTTA:**

4 Q. Is this another text message between Bernard Kilpatrick and
5 Derrick Miller?

6 A. Yes.

7 Q. Can you tell us -- can you read this text message?

8 A. Yes. This is Bernard Kilpatrick: "It's time to call Lou
9 on the Karl deal, exactly like the maintenance."

10 **MR. BULLOTTA:** And then can we see the next part of
11 this message. Is that the only part? Okay. Thank you.

12 **BY MR. BULLOTTA:**

13 Q. And then show you Cobo 5, another text message. Okay.
14 First of all, this is Cobo 5, and what's the date of this text
15 message?

16 A. January --

17 **A JUROR:** What was last one, Cobo 4?

18 **MR. BULLOTTA:** Cobo 4.

19 **A JUROR:** And this is Cobo 5?

20 **MR. BULLOTTA:** Yes.

21 **A JUROR:** Could you slow it down a bit?

22 **MR. BULLOTTA:** Sure.

23 A. The date of this text message --

24 **MR. BULLOTTA:** Can I inquire, do we need to go back
25 for the juror?

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1 **A JUROR:** No.

2 **THE COURT:** No.

3 **MR. BULLOTTA:** No? Okay. I'll just go slower.

4 A. The date of this text message is January 25, 2003.

5 **BY MR. BULLOTTA:**

6 Q. And who is talking in this text here?

7 A. Bernard Kilpatrick.

8 Q. And what does he say?

9 A. Got to kind of interpolate the typographical errors. It's
10 "HT," it seems obvious that it's, "What happened to the email,
11 brother? Karl is getting real nervous. I think Tuesday is the
12 deadline. Call him at 248-866-0808 to reassure. Thanks."

13 Q. Do you recognize that phone number, 248-866-0808?

14 A. Yes, that's Karl Kado's cell phone number.

15 Q. So Bernard Kilpatrick is telling Derrick Miller to call
16 Karl Kado to reassure him?

17 A. Yes.

18 Q. Can we see the next, the reply from Derrick Miller? Sorry,
19 it's not a reply from Derrick Miller, can you tell us what this
20 is?

21 A. Yes, it's a second text message from Bernard Kilpatrick.
22 It says --

23 Q. Let me stop you. I'm sorry. Who is Ziz, Z-i-z?

24 A. That's a nickname for Bernard Kilpatrick.

25 Q. Okay. And what does Bernard Kilpatrick say?

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1 A. "Did you hook Karl up with the Cobo Hall stuff?"

2 Q. Does Derrick Miller reply?

3 A. Yes, he replies, "Lou never sent the letter. I checked. I
4 will take care of it Monday."

5 Q. And, again, who is Lou?

6 A. Pavledes, he's the director of Cobo Hall.

7 Q. And then does Bernard Kilpatrick reply to Derrick Miller
8 when he said that he would take care of it?

9 A. Yes. He says, "Cool. They told me he sent the letter."

10 Q. Okay. Thank you. And do you recall -- well, let me show
11 you Cobo 6 that's been admitted into evidence. Is there one
12 more text message -- well, is there another text message
13 dealing with this?

14 A. Yes, January 28, 2003, from Bernard Kilpatrick, "Did you
15 hook up the deal at Cobo today?"

16 Q. And who is that to?

17 A. That's to Derrick Miller.

18 Q. And there's no reply to that, is that right?

19 A. Correct.

20 Q. And that date again, can we see that date again, the last
21 one I showed? Can you see the date of this?

22 A. January 28, 2003.

23 Q. Okay. And then I want to show you, actually, one more text
24 message. Cobo 7. What's the date of Cobo 7?

25 A. January 31st, February 1st and 2nd of 2003.

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1 Q. Okay. And who is talking, who is communicating in this
2 text exchange?

3 A. Derrick Miller and Bernard Kilpatrick.

4 Q. Can we -- can you tell us who is talking and read the text?

5 A. First one is Derrick Miller. "I have a meeting with Lou on
6 Monday. Just like I thought this guy never sent a letter. Now
7 he wants to talk in person."

8 Q. Do you know what "this guy" refers to?

9 A. I think he's talking about Lou Pavledes.

10 Q. Okay. So who is Derrick Miller saying he's going to talk
11 in person to?

12 A. Lou Pavledes.

13 Q. Okay. And then what is Bernard Kilpatrick's response?

14 A. "That's strange. He told Karl he sent it to you.

15 Congratulations on the district, by the way, did they extend
16 the Paratransit contract for another year? I'm having lunch
17 with Bob Polk."

18 Q. Can we keep going?

19 A. Miller replies, "Thanks, don't know, I will check on it.
20 Lou is shifty."

21 Q. And again, Lou is Lou Pavledes, the director of Cobo?

22 A. Yes.

23 Q. At that time?

24 A. Yes.

25 Q. And then what is Bernard Kilpatrick's response?

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1 A. "Cool."

2 Q. And then is there another text, is there a text the
3 following day on February 2nd, 2003?

4 A. Yes.

5 Q. From Bernard Kilpatrick to Derrick Miller?

6 A. Yes.

7 Q. And what does he say?

8 A. "Make sure he leaves your office with the letter. I would
9 really like a copy of it to check on both Lou and Karl. Is
10 your meeting in the morning?"

11 Q. And then is there a response from Derrick Miller?

12 A. Yes.

13 Q. Okay. Can we go back -- and then this is February 2nd of
14 2003?

15 A. Yes.

16 Q. Let me show you what's already been marked and what we've
17 already seen, shown to the jury as Cobo 8. So three days
18 later, is there a letter February 5th of 2003 from the
19 director, Lou Pavledes, the director of Cobo, to Karl Kado?

20 A. Yes.

21 Q. And what does that letter say?

22 A. Says, "The Civic Center Department has approved and on
23 February 5th, 2003, obtained from the City of Detroit its
24 agreement for the assignment of the Cobo Hall electrical
25 services contract to MSO from Trade Show Electrical (TSE)."

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1 Q. So two days after that last Derrick Miller exchange with
2 Bernard Kilpatrick, Karl Kado gets a letter saying he's got the
3 electrical contract, right?

4 A. Yes.

5 Q. Thank you. Now, did you in your investigation look for
6 evidence of contact between former Mayor Kilpatrick and
7 Karl Kado?

8 A. Yes.

9 Q. Was one of the items you looked at the mayor's calendar?

10 A. Yes.

11 Q. Did that include the mayor's official calendar for 2003,
12 2004?

13 A. Yes.

14 Q. I want to show you what's been marked as Cobo 9, and what
15 is this? Can we see the top, the date at the top.

16 A. Yes. This is the calendar page for Friday, April 11, 2003.

17 **MR. BULLOTTA:** Okay. Scroll down, Ms. Facchini.

18 **BY MR. BULLOTTA:**

19 Q. Okay. Do you see a meeting on the schedule from 6:00 p.m.
20 to 7:00 p.m.?

21 A. Yes.

22 Q. And who is that meeting with?

23 A. Karl Kado.

24 Q. And that's a meeting between the mayor and Karl Kado,
25 according to this?

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1 A. Yes.

2 Q. And then I want to show you Cobo, I don't want to go too
3 fast though, Cobo Exhibit 10, Cobo 10. Is this another
4 calendar page from Mayor Kilpatrick's calendar?

5 A. Yes. It's for Saturday, August 9, 2003.

6 **MR. BULLOTTA:** Okay. Sorry, there's a question in
7 the back.

8 **A JUROR:** Yes, just having a little trouble with the
9 last document, what the date was.

10 **MR. BULLOTTA:** Can we go back to Cobo 9 and look at
11 the date.

12 A. Friday, April 11, 2003.

13 **A JUROR:** Thank you.

14 **BY MR. BULLOTTA:**

15 Q. Okay. And then Cobo 10, what's the date on Cobo 10?

16 A. Saturday, August 9th, 2003.

17 Q. And can we go down to 3:00 p.m. Do you see the mayor
18 having an appointment at 3:00 p.m.?

19 A. Yes.

20 Q. And what do you see?

21 A. "3:00 p.m. to 3:15 p.m., Jessica Kado, Karl's daughter,
22 graduation from medical school. White coat ceremony,
23 Maverick's, 630 Woodward. Contact Karl Kado," and that's his
24 telephone number.

25 Q. That's Mr. Kado's cell phone number?

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1 A. Yes.

2 Q. Thank you. Now, you heard Mr. Kado testify that
3 Kwame Kilpatrick contacted him and then they met and he gave
4 Mr. Kilpatrick money?

5 A. Yes.

6 Q. Did you see any text involving, any text messages involving
7 Karl Kado and the Mayor Kilpatrick?

8 A. Yes.

9 Q. Let me show you Cobo 12. First of all, what's the date on
10 Cobo 12?

11 A. January 14, 2004.

12 Q. And who is sending this text?

13 A. This is Meagan Pitts.

14 Q. And do you know whether Meagan Pitts was a secretary for
15 the mayor or worked in the --

16 A. That's a staffer in his office, not sure of her title.

17 Q. And what does she say to the mayor?

18 A. "Mr. Mayor, Karl Kado just called you. He missed your call
19 just now," and that's Mr. Kado's cell phone number.

20 Q. So she's telling the mayor that Mr. Kado missed the mayor's
21 call?

22 A. Yes.

23 Q. Thank you. Can we see Cobo 14. What's the date on
24 Cobo 14, please?

25 A. January 23rd, 2004.

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1 Q. And is it from another staffer, someone named Samara?

2 A. Yeah, that's Samara Bradley.

3 Q. Samara Bradley worked in the mayor's office?

4 A. Yes.

5 Q. And she's sending a text to the mayor?

6 A. Yes.

7 Q. And what does her text say?

8 A. "Karl Kado," and his telephone number.

9 Q. So she's supplying the mayor with Karl Kado's cell phone
10 number?

11 A. Yes.

12 Q. Based on your involvement in this case -- you can turn
13 around now. I'm done showing you things.

14 Were you involved in the investigation of Karl Kado
15 himself?

16 A. Yes.

17 Q. And are you aware that he has been sentenced?

18 A. Yes.

19 Q. And does he have any pending charges?

20 A. No.

21 Q. In any of your meetings with Karl Kado, did Karl Kado ever
22 tell you that he hired Bernard Kilpatrick as a consultant?

23 A. No.

24 Q. And after Mayor Kilpatrick left office, did Karl Kado tell
25 you that he ever gave anything of value, any money to

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1 Mayor Kilpatrick after Mayor Kilpatrick left office?

2 A. No.

3 Q. And Mr. Kado made a number of recordings at your direction,
4 is that right?

5 A. Yes.

6 Q. And when he was -- the jury heard the recordings from
7 February and March of 2008, the first one at Tom's Oyster Bar
8 and the second one at the breakfast spot?

9 A. Yes.

10 Q. What was -- at that point, Kado was cooperating, is that
11 right?

12 A. Yes.

13 Q. Was he trying to hire Bernard Kilpatrick at that point or
14 what was he -- can you explain to the jury what he was doing?

15 A. Yes, we had debriefed him with his attorney, and he said
16 that he was still having conversations with Bernard Kilpatrick
17 and would be able to carry on a conversation with
18 Bernard Kilpatrick, and he told us that -- Mr. Kado told us
19 that Mr. Kado was owed this money from the city, and that
20 Bernard Kilpatrick wanted to assist him and obtain some of
21 that --

22 **MR. SHEA:** Your Honor, I'm going to object to the
23 extent this goes beyond just the agent explaining why it was he
24 had Mr. Kado wired for these meetings. I don't think we need a
25 history of the investigation.

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1 **THE COURT:** I don't think we're getting a history,
2 but I agree that this should be confined to why he was wired
3 for these meetings.

4 **MR. SHEA:** I mean, I think it's fairly obvious from
5 Mr. Kado's testimony, to be honest.

6 **MR. BULLOTTA:** I just want to get at, what was the
7 goal, what were they trying to accomplish by wiring --

8 **THE COURT:** Why don't you ask that specific
9 question.

10 **BY MR. BULLOTTA:**

11 Q. What was the goal there?

12 A. Okay, I'll trim it up. We had a reason for them to talk,
13 that was the point, so we had Mr. Kado reach out to
14 Mr. Kilpatrick and say let's talk about this business with the
15 money that was owed to him, and in the course of that
16 conversation I had a certain number of things that I asked
17 Mr. Kado to bring up in the conversation.

18 Q. So he was bringing up things that you had prompted him or
19 told him to try to bring up?

20 A. That's correct.

21 Q. And were you trying to corroborate what he had previously
22 told you?

23 **MR. SHEA:** Well -- okay.

24 A. Yes.

25

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1 **BY MR. BULLOTTA:**

2 Q. And prior to making the tapes, he told you a lot of
3 information, didn't he?

4 A. Yes.

5 Q. And on the tapes, one of the things he had told you was
6 about the \$100,000 payoff to Bernard Kilpatrick, right?

7 A. Correct, yes.

8 Q. And then after he told you that, those tapes were made,
9 right?

10 **MR. SHEA:** Your Honor, I'm going to object because
11 now we're get into bolstering. There's no prior inconsistent
12 statement with respect to that. It's not necessary.

13 **THE COURT:** I agree.

14 **BY MR. BULLOTTA:**

15 Q. Okay. Well, you heard --

16 **THE COURT:** I don't think we need to have
17 Mr. Beeckman kind of bolster Mr. Kado's testimony here. I
18 don't think it's appropriate.

19 **BY MR. BULLOTTA:**

20 Q. But you listened to the recordings that we heard in court,
21 correct?

22 A. Yes.

23 **MR. BULLOTTA:** Thank you. No further questions.

24 (9:49 a.m.)

25

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CROSS EXAMINATION

BY MR. THOMAS:

Q. Morning, Agent Beeckman, how are you?

A. Morning.

Q. I have a couple of areas I want to go into as a result of the redirect by the government. You had indicated that on two occasions that you had spoken to Mr. Kado regarding his dementia?

A. Yes.

Q. And that would have been in April of 2012? March or April 2012?

A. Yeah, I don't have the date memorized, but I'm sure you have it in my report.

Q. We already talked about it, it was earlier on in this year.

A. Correct.

Q. And then at some point later, as the case agent, you were reviewing the files to take a look at Brady and Giglio material and see whether or not that could be or should be something that would be turned over to the defense?

A. That's right, yes.

Q. There had been a request, had there not been, for Brady/Giglio material to be disclosed?

A. Yeah, there is in every case. I'm sure there was.

Q. There was in this one?

A. Yes.

1 Q. And so you didn't want to get caught flatfooted if we found
2 out about this allegation of dementia?

3 **THE COURT:** Excuse me for interceding here, but just
4 so the jury understands, Brady and Giglio material is material
5 that may be exculpatory for the defense, and may go to
6 undermining the witness in some way, so that's what Brady and
7 Giglio materials, and it is a rule of all criminal proceedings
8 that the prosecution, if they become aware of material which
9 may lead to exculpatory evidence for the defense, must turn it
10 over.

11 **MR. THOMAS:** Thanks, Judge.

12 **BY MR. THOMAS:**

13 Q. And so when we're talking about exculpatory information,
14 we're talking about information that might be helpful to the
15 defense?

16 A. Correct.

17 Q. And it might undermine the credibility of a witness?

18 A. Yes.

19 Q. Or impeach him?

20 A. Yes.

21 Q. And when we say "impeachment," that is call into question
22 his credibility?

23 A. Correct, yes.

24 Q. All right. Now, you are a former prosecutor.

25 A. Yes.

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1 Q. And you're an FBI agent?

2 A. Yes.

3 Q. And you've probably had training in exculpatory evidence
4 and how to look for it?

5 A. Yes.

6 Q. And you recognize this as a potential --

7 A. Yes.

8 Q. -- exculpatory thing that we would use in cross
9 examination?

10 A. Yes.

11 Q. Now, you weren't surprised that we were using it?

12 A. No.

13 Q. And the reason why you weren't surprised is because it
14 calls into question his ability to recall.

15 **MR. BULLOTTA:** Your Honor, I'm going to object as to
16 why he was using it and his opinion as to why he was using it.
17 It's irrelevant.

18 **THE COURT:** Overruled.

19 A. I'm sorry, I missed the last --

20 **BY MR. THOMAS:**

21 Q. It calls into question his ability to recall?

22 A. That's a potential, yes.

23 Q. Well, I mean, if a person has dementia, that's a medical
24 term, but he told you that he was getting lost and he was
25 having difficulty remembering things.

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1 A. I don't think he said he was getting lost. I think he said
2 he was having difficulty remembering things and --

3 Q. Confused.

4 A. I don't think he even said confused. I think he said he
5 was having trouble remembering things and that sort of thing,
6 he was noticing a problem with his memory so --

7 Q. Well, you had had, you say, 50 contacts with him over the
8 five -- 2005 to 2012, so that's seven years that you had with
9 him, correct?

10 A. Correct.

11 Q. And in those 50 communications, he's talking to you about
12 things relating to Mr. Kwame Kilpatrick and Bernard Kilpatrick,
13 as he had testified to.

14 A. True.

15 Q. And so I want to get to the area that you said that there
16 was nothing that he said was false or misleading. Is that what
17 you represented, that nothing he said was false or misleading?

18 A. Not to me.

19 Q. Well, you recognize the disparity of his communication on
20 the witness stand from what it was that he told you on
21 February 22nd, 2006, don't you?

22 A. What do you mean, he was inconsistent on a detail?

23 Q. Yes.

24 A. Yes. I don't recognize that as being, somebody being false
25 or misleading me if somebody's incorrect on a detail.

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1 Q. Well, if he says that Kwame Kilpatrick called him and asked
2 him for a specific amount of money, that's not, that's not what
3 he said in his statement to you on February 22nd, 2006, is it?

4 A. I'd need to see it.

5 **MR. THOMAS:** I'm going to approach with his FBI 302
6 dated February 22nd, 2006, all right.

7 **BY MR. THOMAS:**

8 Q. I'm referring to Page 2 of the 302.

9 A. It would help me if you asked me a specific question rather
10 than read this whole thing.

11 Q. Here's my specific question. Have you reviewed it?

12 A. Yes.

13 Q. Does it refresh your recollection as to what it was that he
14 had said to you?

15 A. Yes.

16 Q. Did he review this 302 at any time shortly after you had
17 generated it?

18 A. You know, there were some that he reviewed shortly after
19 they were generated, I sent them to his attorney. I don't
20 remember if this was one of them or not. That's something that
21 I do occasionally but I can't say for certain. He's reviewed
22 it at some point in the process.

23 Q. Okay. Well, as I'm sitting here looking at you and you're
24 not looking at me, but I need you to look at me.

25 A. Oh, sorry.

1 Q. As we're sitting here, you recognize a difference between a
2 phone call for the mayor and a phone call from Kwame Kilpatrick
3 who was not yet mayor?

4 A. Correct.

5 Q. You understand -- because the latter would imply that he
6 wasn't in office and wasn't in position to give him any benefit
7 at that point?

8 A. If he's not mayor?

9 Q. Yeah, if he's not mayor.

10 A. Yeah --

11 Q. He might have the potential, but he's not the mayor, he's
12 got no power over Pavledes, does he?

13 A. Not yet.

14 Q. Okay. And do you recognize the difference between saying
15 that the mayor called him and said I need \$10,000 versus the
16 mayor calling him and saying that he needs funds for his bid,
17 his mayoral bid?

18 A. That would be a difference, yes.

19 Q. Because he's not asking for a specific amount, number one,
20 right?

21 A. Correct.

22 Q. And the second part is that that would imply that at that
23 time that he wasn't in office.

24 A. Yes.

25 Q. Because he's bidding for office, he hasn't gotten it yet,

1 right?

2 A. Right.

3 Q. And when you talk to him, he had given you information that
4 was inconsistent with Mr. Kilpatrick being in office at the
5 time, which is what he testified to. You were here, you heard
6 that part, right?

7 A. Yes.

8 Q. Because he said that it was just after the debate at Cobo
9 Hall that he was contacted.

10 A. In the interview, you're talking about, right?

11 Q. Right, in his 302.

12 A. Right.

13 Q. And the debate at Cobo Hall was in October of 2001.

14 A. Right.

15 Q. Which was before the election, correct?

16 A. Correct.

17 Q. The election was done on October, I'm sorry, November,
18 whatever, early November?

19 A. First Tuesday.

20 Q. And he actually doesn't take office until January of 2002.

21 A. Right.

22 Q. Right. So, and in his report, did he -- I'm sorry, in his
23 statement to you, did he not say that Kwame Kilpatrick
24 contacted Kado and asked him to financially support his mayoral
25 bid? Isn't that what he said to you back in 2006?

1 A. Yes.

2 Q. The contact approximately one week after the debate between
3 Kwame and Gil Hill at Cobo Hall?

4 A. Yes.

5 Q. Did he not say that to you?

6 A. Yes.

7 Q. Now, you're a federal agent, you've gone to Quantico, and
8 you and I have had a lot of cases together. I mean, you're
9 trained in how to take notes, right?

10 A. Yes.

11 Q. And you want to take as accurate of notes as you can?

12 A. True.

13 Q. These are accurate notes?

14 A. I'm sure they are, yes.

15 Q. All right. And it was Kado that provided Miller with an
16 envelope containing \$10,000, correct?

17 A. Yes.

18 Q. That's what he told you. Not a brown paper bag?

19 A. Correct.

20 Q. Now, we just saw the Cobo exhibits, 12 and 14, which were
21 in January of 2004, correct?

22 A. Yes.

23 Q. And those show a communication between Karl Kado and
24 Kwame Kilpatrick, correct?

25 A. Correct. Well, showed me -- are you talking about the

1 mayor's calendar?

2 Q. No, let's -- can we see 12.1, please. I misspoke. This is
3 not a -- well, this is a communication between the mayor and
4 somebody in his office, Meagan Pitts?

5 A. Right.

6 Q. "Karl Kado just called you," right?

7 A. Yes.

8 Q. And this is supposed to corroborate the fact that Mr. Kado
9 and Mr. Kilpatrick are communicating.

10 A. Correct.

11 Q. Right? And that there's a phone number between them,
12 right?

13 A. Correct.

14 Q. But there's nothing in here that implies that there is any
15 money going to be paid.

16 A. It doesn't say that, no.

17 Q. It's Karl Kado just calling Mayor Kilpatrick, correct?

18 A. Correct.

19 Q. Now, can you tell me what's going on in January 2004 as it
20 is in January of every year in Detroit downtown?

21 A. It would be either getting ready for the auto show or the
22 show itself.

23 Q. The auto show itself?

24 A. Yes.

25 Q. Big event?

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1 A. Yes.

2 Q. The largest event Detroit has every year except for maybe
3 the Super Bowl that we had?

4 A. Yes.

5 Q. It's a chance for Detroit to showcase their automobiles and
6 the automobiles throughout the world to the world, right?

7 A. Yes.

8 Q. And Karl Kado was at that point, what was his position at
9 Cobo Hall?

10 A. He was the exclusive contractor on the electrical and the
11 cleaning.

12 Q. It's important, then, if we're showcasing the City of
13 Detroit for it to be clean?

14 A. Yes.

15 Q. And to make sure that things are getting done correctly?

16 A. Yes.

17 Q. And so it would not be unusual, then, for the mayor to have
18 contact with the person who is in charge of that at Cobo Hall,
19 would it?

20 A. No.

21 Q. He also had a food concession there, too, right?

22 A. You asked me if it would be unusual for him to have contact
23 with the, a contractor --

24 Q. You would expect --

25 A. -- well --

1 Q. -- that he would have contact or communication.

2 A. Well --

3 **MR. BULLOTTA:** Your Honor, can I ask that he be
4 allowed to answer? He was cut off.

5 **MR. THOMAS:** Well, I thought he was asking me --

6 **THE COURT:** I think he was answering the question
7 and you jumped in.

8 A. I guess I should say, I mean, I don't think it's unusual
9 that the mayor would care if Cobo Hall was clean and things
10 were running correctly and so forth, but he's got two or three
11 levels of supervision below him. I think him calling a
12 contractor directly to talk about whether it's clean or
13 whatever, I do think that's extremely unusual.

14 **BY MR. THOMAS:**

15 Q. But he's not calling the contractor; the contractor is
16 calling him.

17 A. Yes, but you asked me if it would be unusual for them to
18 have a conversation about whether it's clean or not. I do
19 think that's unusual, yes.

20 Q. Okay. How many employees did Mr. Kado say on his direct
21 examination that he supervises over there?

22 A. I don't remember.

23 Q. Hundreds, maybe even thousands at any given time, correct?

24 A. Maybe, yes.

25 Q. Issues relating to the union might come into play?

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1 A. True.

2 Q. Issues relating to maybe a concession or making sure that
3 things are going to be appropriate for the mayor, who will be
4 entertaining at Cobo Hall, would be something that you might
5 consider that they would be talking about.

6 A. Again, I agree that's an area of interest for the mayor, I
7 think that's something he'd be concerned about, but you got a
8 lot of people between the mayor and Karl Kado.

9 Q. Okay. You may have, and I'll grant you that, but you can't
10 rule out the possibility that this is an innocuous conversation
11 that has nothing to do with payoffs?

12 A. True, I'm not privy to the conversation. I can't say.

13 Q. And unless you're a mind-reader, you have no idea what the
14 heck it is going to be.

15 A. True.

16 Q. But I'm trying to give you alternatives to your theory.
17 You're a former prosecutor and FBI agent, you're naturally
18 suspicious, but there might be other reasons.

19 A. Yeah, well --

20 Q. Wouldn't you agree?

21 A. Yeah, I suppose that's possible, yes. I agree to
22 everything except for the "naturally suspicious" part.

23 Q. I embrace possibilities, do you?

24 A. Sure.

25 Q. Okay. Now, Cobo-13, and not to go too far with any of

1 this, but January 15, 2005, that is, that's a year later,
2 correct?

3 A. Yes.

4 Q. And this is a communication with -- that doesn't relate to
5 Mr. Kilpatrick, correct?

6 A. Correct, yes.

7 Q. And is this -- can I have 14, please. Phone message to
8 Mr. Kilpatrick, correct?

9 A. Yes.

10 Q. On January 23, 2004?

11 A. Correct.

12 Q. And in essence, Karl Kado and his number, I guess if you
13 wanted to extrapolate, Samara is telling him to call Karl Kado.

14 A. Yes.

15 Q. Again, in 2004, similar to what we were talking about
16 relating to Cobo Exhibit 12.1, at or about the time of the auto
17 show?

18 A. True.

19 Q. To the guy who is in charge of food, electrical,
20 concessions and keeping it clean?

21 A. Yes.

22 Q. And a call to the mayor?

23 A. Yes.

24 Q. Now, you heard Mr. Kado testify that he and the mayor had a
25 personal relationship and that not all these calls were about

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1 money, assuming that we give him credibility.

2 A. Right, that's what he said, yes.

3 Q. Now, Mr. Bullotta then asked you, at the present time there
4 were no pending charges against Mr. Kado, correct?

5 A. Correct, yes.

6 Q. The government never charged him with racketeering?

7 A. No.

8 Q. You were investigating him in the beginning as it relates
9 to tax matters, correct?

10 A. Not me personally on the tax matters. That was an IRS
11 agent that was assigned to investigating the tax matters.

12 Q. Does the FBI investigate money laundering?

13 A. Yes.

14 Q. Money laundering would be skimming money from a business,
15 wouldn't it?

16 A. Could be --

17 Q. Money --

18 A. -- depending on how you hide it.

19 Q. I'm sorry, I'll slow down.

20 A. Depending on how you hide it, it could be.

21 Q. I give cash that's from ill-gotten gains to some other
22 person, rather than a check, that could be construed as money
23 laundering?

24 A. It could be.

25 Q. He didn't get charged with money laundering?

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1 A. No.

2 Q. He didn't get charged with mail fraud?

3 A. No.

4 Q. He negotiated a reduced charge and the elimination of other
5 charges.

6 A. I don't know about that. I don't know if he got a reduced
7 charge or --

8 Q. Well, let's talk --

9 A. I mean, he pled to a tax count, but whether it was reduced
10 or not, that's not my area.

11 Q. You were in -- okay. Let's just talk about what your area
12 is. When you opened your case file against Karl Kado, what
13 were the charges that you initially opened your case file?

14 A. I didn't have any charges. We don't have charges when we
15 open a case file.

16 Q. No, but you have investigation into. He's not charged
17 until actually he's indicted, right?

18 A. Right.

19 Q. But you were looking into allegations relating to mail
20 fraud, money laundering.

21 A. Yeah, I'm not, I'm not sure where you're going with the
22 mail fraud on Karl Kado. We were looking at bribes that were
23 paid at Cobo Hall. We had a number of people saying that there
24 were bribes being paid and that's the reason we were
25 investigating.

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1 Q. And that's a federal offense.

2 A. Right.

3 Q. Those are higher penalties, are they not, than tax charges?

4 A. Yes.

5 Q. Money laundering, were you looking at him for money
6 laundering?

7 A. No. I'm not saying that possibility wouldn't have existed
8 down the road, but that's not something that was --

9 Q. If he hadn't come in and said he was going to cooperate
10 right away, that possibility existed, correct?

11 A. Sure.

12 Q. Money laundering penalties are much higher than tax
13 consequences, are they not?

14 A. Yes.

15 Q. Were there any other charges that you were looking at for
16 him?

17 A. No.

18 Q. But you would agree with me that if he was made part of a
19 racketeering conspiracy because he was engaged in bribery or
20 corruption, that his racketeering guidelines would be through
21 the roof?

22 A. They'd be significantly higher, yes.

23 **MR. THOMAS:** I don't think I have anything further.
24 Thank you, Judge.

25 **THE COURT:** Mr. Shea.

MR. SHEA: Thank you, Judge.

(10:07 a.m.)

CROSS EXAMINATION

BY MR. SHEA:

Q. Morning, Agent Beeckman.

A. Morning.

Q. How are you doing?

A. Terrific.

Q. You'll recall that I cross examined Karl Kado regarding a statement he made in the March 1, 2008 recording regarding a lotto tab that he claimed to have covered on behalf of Bernard Kilpatrick, correct?

A. Yes.

Q. All right. Now, I want to set the stage for this a little bit. You interviewed Mr. Kado a lot of times in the course of this investigation?

A. Yes.

Q. Correct? You had one interview, before he received a target letter, in January of '05, but the remainder of those interviews -- and I recognize some of these are telephone contacts -- were after he received that target letter in early September of 2005, correct?

A. Yes.

Q. And the first of those post-target letter interviews was on February 22, 2006, is that correct?

1 A. Right.

2 Q. And shortly after that, on March the 2nd, 2006, you had a
3 second interview with him, correct?

4 A. Yes.

5 Q. Both of those were rather lengthy, is that fair?

6 A. Yes.

7 Q. And both of those covered, among other things, Karl Kado's
8 relationship with Bernard Kilpatrick?

9 A. Correct, yes.

10 Q. At some length, right?

11 A. Yes.

12 Q. I mean, not to put too fine a point on it, but essentially
13 you shook him upside down and wanted to know everything he knew
14 about Bernard Kilpatrick?

15 A. Well, that was the point of asking the --

16 Q. Yeah.

17 A. -- the questions.

18 Q. Sure, I get it, I get it.

19 Now, in the March 2nd, 2006 interview, he reported
20 to you that he had covered a \$20,000 lottery tab that
21 Bernard Kilpatrick had run up to his brother Andrew Kado,
22 correct?

23 A. Right.

24 Q. So Bernard Kilpatrick was purchasing lottery tickets at
25 Andrew Kado's store, correct?

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1 A. Correct.

2 Q. Ran up a \$20,000 tab, correct?

3 A. Yes.

4 Q. Karl Kado paid it or -- I think what he said is he loaned
5 his brother the money to cover it, correct?

6 A. Right.

7 Q. Bernard Kilpatrick paid off Andrew Kado for what he owed,
8 correct?

9 A. Wait a minute, Bernard Kilpatrick paid off Andrew Kado.

10 Q. Yes, and then Andrew Kado paid Karl Kado back?

11 A. Yeah, I know --

12 Q. Want me to --

13 A. Yeah, I need to see that.

14 Q. I know it's awhile ago.

15 A. Is it February 22nd?

16 Q. No, this is March 2nd, '06, the second interview after the
17 target letter.

18 A. Yes, okay, you're correct, yes.

19 Q. Right? Okay. So that's what he describes to you on
20 March 2nd, 2006, correct?

21 A. Yes.

22 Q. All right. Now, on March 1st, 2008, you've got Mr. Kado
23 wired for this meeting at, this breakfast meeting he's going to
24 have with Bernard Kilpatrick, correct?

25 A. Correct.

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1 Q. And at that time you hear Karl Kado discussing this \$80,000
2 lotto tab that he claims to have covered for
3 Bernard Kilpatrick, correct?

4 A. True.

5 Q. And you hear Bernard Kilpatrick say, "No, no, no, no way it
6 was anywhere close to that," correct?

7 A. Correct.

8 Q. Now, between March 2nd, 2006 and March 1st, 2008 when that
9 breakfast meeting occurred, you'd had numerous contacts with
10 Karl Kado?

11 A. I'm sure I did, yes.

12 Q. Including numerous contacts in, very shortly before this
13 March 1st, 2008 breakfast meeting, correct?

14 A. True.

15 Q. I mean, starting in early February, February 4th, I
16 believe, you and Mr. Kado were discussing Mr. Kado monitoring
17 his contacts with Bernard Kilpatrick regarding the amounts that
18 the City of Detroit owed Karl Kado, correct?

19 A. I'm sorry, say that again.

20 Q. Obviously, before Mr. Kado recorded Bernard Kilpatrick on
21 March 1st, he had to have had discussions with you about that?

22 A. Right.

23 Q. And that was actually the second recorded meeting, right?

24 A. Yes.

25 Q. The first recorded meeting was on February 8th, 2006,

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1 correct?

2 A. The Tom's Oyster Bar, you talking about?

3 Q. I'm sorry, February 8, 2008, yes.

4 A. Yeah.

5 Q. Tom's Oyster Bar.

6 A. Right.

7 Q. So we've got -- and he was recording that meeting as well?

8 A. Correct, yes.

9 Q. Obviously, you had had discussions with Mr. Kado prior to
10 that about making that recording.

11 A. Right.

12 Q. All right. So there's at least a month, probably longer,
13 of you having pretty regular contact with Karl Kado about his,
14 your continuing investigation of Bernard Kilpatrick and his
15 cooperation in that.

16 A. True.

17 Q. All right. Never, from March 2nd, 2006, when he first
18 tells you about this \$20,000 lotto tab, to March 1, 2008 when
19 you hear him talking about an \$80,000 lotto tab, does he tell
20 you about any \$80,000 lotto tab, is that correct?

21 A. Correct.

22 Q. First you hear of it is in the recording on March 1, 2008.

23 A. True.

24 Q. And that wasn't something you had asked him to follow up
25 with Bernard Kilpatrick on in his discussions.

1 A. Yeah, I don't think so.

2 Q. He's ad libbing at this point, right?

3 A. Well, you know, I told him, "I want you to corroborate the
4 cash that you've given to Bernard Kilpatrick," and so forth,
5 and I'm sure he took that as part of the instructions. I
6 didn't say corroborate lotto payments, it wasn't --

7 Q. Absolutely.

8 A. -- one of the specific things --

9 Q. Right.

10 A. -- I told him --

11 Q. Right.

12 A. -- to do.

13 **THE COURT:** One at a time.

14 **BY MR. SHEA:**

15 Q. No, that's my point, that's fine.

16 And, in fact, in that March 1, 2008 breakfast
17 meeting, Karl Kado isn't talking about two different instances
18 of Bernard Kilpatrick running up a lotto tab, is he?

19 A. No, it's a longer period of time, yes.

20 Q. One single time he covered this tab.

21 A. A single time that he covered --

22 Q. He's talking about one -- he's talking about one instance,
23 he talks about just one time that he covered a lotto tab for
24 Bernard Kilpatrick?

25 A. Yeah, I don't -- I don't think that's right. I think it

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1 was a -- I mean, he talks about one, a single amount of money
2 to cover it. It's just, I don't think that's the way it works.

3 Q. Well, when he described it to you on March 2nd, 2006, it's
4 the way it works, isn't it?

5 A. Well, he said he covered the \$20,000 of it. It's just, I
6 know from talking to him in prep that that's not the way the --
7 they have to balance that terminal at the end of the week, and
8 so it can't be -- for him to ring up an \$80,000 lotto tab,
9 Andrew Kado would have to be paying that off every week and
10 just floating \$80,000. That's -- so I'm not 100 percent sure
11 that this was a one-time payment of \$80,000, the way you're
12 asking me.

13 Q. Well, but what Karl Kado is talking about is loaning his
14 brother money to cover a tab.

15 A. Right.

16 Q. And he's not talking about it, he didn't talk about it with
17 you on March 2nd, 2006 as if he made a bunch of small loans to
18 his brother, he doesn't say that.

19 A. Yeah, he didn't say that, no.

20 Q. Nor did he say that in the March 1, 2008 breakfast meeting.

21 A. No, he just says the figure.

22 Q. Right. And the figures are starkly different.

23 A. Well, we're talking about a significant difference in time
24 here. This was in '06 that he's saying 20,000, and then it's
25 '08 that he's talking 80,000.

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1 Q. But you're having regular contacts with him, correct?

2 A. True.

3 Q. You're shaking him upside down and saying, "Tell me
4 everything you know about Bernard Kilpatrick," correct?

5 A. I don't know, shake him upside down. I --

6 Q. You know what I mean.

7 A. -- asked him some detailed questions.

8 Q. I mean it figuratively. Let me take it back because you're
9 taking it pejoratively, and I don't mean it that way.

10 A. No.

11 Q. You want --

12 **THE COURT:** Mr. Shea, you've got to slow down.

13 **MR. SHEA:** Okay. Gee, I was doing so good
14 yesterday.

15 **BY MR. SHEA:**

16 Q. You obviously want to know as much information as you can
17 get from the people you are interviewing about the subjects you
18 are covering.

19 A. True.

20 Q. Okay. So when I say "shake him upside down," I don't mean
21 that you're literally doing that.

22 A. And I didn't take it that way, I didn't take it that way.

23 Q. Okay.

24 A. But I'm saying, even with the way that you're asking the
25 question, that I'm shaking him upside down sort of implies like

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1 I'm grilling him or something, and I just wanted to tell you,
2 it's just not like that. It's not --

3 Q. Of course. But clearly, after two-plus years of this man
4 cooperating with you, he knows that you want information about
5 Bernard Kilpatrick, correct?

6 A. True.

7 Q. And at no point after March 2nd, 2006 does he tell you he
8 is continuing to loan money to his brother to cover
9 Bernard Kilpatrick's lotto tab, is he?

10 A. You're correct, true.

11 Q. Okay. Now, I also cross examined Mr. Kado regarding his
12 recollection of a meeting with Bernard Kilpatrick in early
13 September, very shortly after the time he received the target
14 letter from Mr. Bullotta, do you recall that?

15 A. Yes.

16 Q. All right. Now, again, you had a lengthy interview with
17 Mr. Kado on February 22nd, 2006.

18 A. True.

19 Q. That was the first meeting you had with him after he
20 received the target letter.

21 A. Correct.

22 Q. You covered a number of subjects during that meeting.

23 A. True.

24 Q. One of those subjects would have been explaining -- I don't
25 know whether it was you or other participants in the meeting,

1 but it was more people just besides you and Mr. Kado at that
2 meeting, correct?

3 A. Yes.

4 Q. So somebody certainly in your presence, whether it was you
5 or somebody else in your presence, would have explained
6 generally why he received the target letter, correct?

7 A. Yeah, I'm sure.

8 Q. You'd cover it?

9 A. Yes.

10 Q. Someone would have explained the government's interest in
11 whether Mr. Kado was, would cooperate with them, correct?

12 A. True.

13 Q. Somebody would have explained generally what that
14 cooperation might entail, correct?

15 A. Yes.

16 Q. And at some point during that meeting, somebody obtained
17 Mr. Kado's signature on a cooperation agreement, correct?

18 A. Yes.

19 Q. All right. And, again, at this meeting and then at the
20 follow-up meeting on March 2nd, you were trying to cover, among
21 other things, all things Bernard Kilpatrick, is that fair?

22 A. As best we could, yes.

23 Q. It is standard, is it not, in these debriefing sessions to
24 ask a person who is cooperating whether they've had any prior
25 discussions about the correspondence they received from the

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1 government, including a target letter, right?

2 A. If they've had prior discussions about it?

3 Q. Yeah, you want to know whether they've discussed this case
4 with anybody else outside of the meeting with you.

5 A. Well, that could be a topic, I suppose, yes.

6 Q. Well, for one thing you want to know if they need to be
7 protected from anybody, right?

8 A. Well, physically protected, you're talking about?

9 Q. Well, you want to know, "Does anybody know that you're
10 here?"

11 A. Yeah, I -- it depends on the case.

12 Q. Okay.

13 A. I do mostly white collar stuff. It's, that's an unusual
14 kind of a circumstance.

15 Q. Well, you'd want to know whether they, whether they had had
16 any discussions with anybody about the fact they might be
17 cooperating with the government, right?

18 A. You might ask them that, yes.

19 Q. I mean, so you'd certainly want to know whether anybody had
20 tried to influence their cooperation, correct?

21 A. Yeah, you might ask them that, yes.

22 Q. All right. And it's true, is it not, that at neither the
23 March 22nd, 2006 interview nor at the March 2nd, 2006 interview
24 did Mr. Kado report to you that he had this meeting with
25 Mr. Kilpatrick in early September, 2005.

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1 A. Yeah, I don't think he did.

2 Q. Okay. Isn't it true that it first appears, in terms of the
3 government's investigation record, on August 27th, 2006 in an
4 IRS interview?

5 A. I think that's right, yes.

6 Q. Now, you were involved in a meeting with Mr. Kado six weeks
7 ago on October 27th, 2012, correct?

8 A. Sounds right.

9 Q. And just for the record, it's just a coincidence, but my
10 previous reference to October 27th, 2006 is accurate, my
11 reference to October 27th, 2012 is also accurate, so it is the
12 same date, the same date on the calendar.

13 And at that time you asked him about this
14 September 2005 meeting with Bernard Kilpatrick, correct?

15 A. Yes.

16 Q. Was it the first time you'd had this discussion with him?

17 A. Me personally, I think it is the first time, yes.

18 Q. And he added a detail in his description to you of that
19 meeting that did not appear in the investigation record of
20 October 27, 2006, isn't that correct?

21 A. You're talking about the pat-down?

22 Q. Yes.

23 A. Yes.

24 Q. He added that detail six weeks ago.

25 A. Yes.

1 Q. I want to talk about, a little bit about the text messages
2 that were put up. I think those were 3 through 7.

3 **THE COURT:** 3 through 7?

4 **MR. SHEA:** Right.

5 **BY MR. SHEA:**

6 Q. They don't -- all you can, all you can glean from those
7 text messages is that there was a communication between two
8 people, in this case, Bernard Kilpatrick and Derrick Miller,
9 and some semblance of a subject, right?

10 A. Right.

11 Q. It doesn't tell you what other work Bernard Kilpatrick was
12 doing in connection with the subjects that are addressed in
13 those text messages, right?

14 A. Correct.

15 Q. All right. Doesn't tell you who he was meeting with,
16 right?

17 A. Right.

18 Q. Doesn't tell you what efforts he was making in connection
19 with Mr. Kado and those contracts, right?

20 A. Right.

21 Q. All right. And those text messages range from -- the first
22 two are in April of 2002, correct, those would be text messages
23 Cobo 3 and 4, right?

24 A. I think that's right, yes.

25 Q. And there's a couple in January of 2003, correct?

1 A. Yes.

2 Q. And then there's one between Mr. Kilpatrick and Mr. Miller
3 in February of 2003, correct?

4 A. Yes.

5 Q. But, in fact, you know that Mr. Kilpatrick exchanged texts
6 with Derrick Miller about Karl Kado and his interaction with
7 the city even after that, right?

8 A. I'm sure he did, yes.

9 MR. SHEA: Okay. So could we have Cobo 10A and 10B,
10 please.

11 Actually, I better take it down. Your Honor, by
12 stipulation, Your Honor, we're going to offer Cobo 10A and 10B
13 into evidence. They weren't part of the original package.

14 THE COURT: Received.

15 (Defendants' Exhibits D-Cobo 10A and 10B received
16 into evidence.)

17 MR. SHEA: All right. Now, Ms. Facchini, could you
18 please give us 10A.

19 BY MR. SHEA:

20 Q. This is a text message exchange between Bernard Kilpatrick
21 and Derrick Miller eight months after the last one that was
22 introduced this morning on August 13, 2003, correct?

23 A. Yes.

24 Q. And at this time, it appears --

25 MR. SHEA: I'm sorry, could we get the substance,

1 Ms. Facchini.

2 **BY MR. SHEA:**

3 Q. Mr. Kilpatrick is reaching out to Derrick Miller regarding,
4 trying to arrange a meeting between he, Derrick Miller and
5 Karl Kado, correct?

6 A. Yes.

7 Q. Derrick Miller doesn't even know who he's talking about,
8 does he? He says, "Who's Karl?" Correct?

9 A. Yes.

10 Q. But it does indicate that Mr. Kilpatrick and Mr. Kado have
11 a relationship in August of 2003, correct?

12 A. Yes.

13 Q. And then could we go to 10B, and this is a follow-up email
14 again between Bernard Kilpatrick and Derrick Miller on
15 August 18, 2003?

16 A. Yes.

17 Q. Five days after the one I just showed you?

18 A. Right.

19 Q. And it appears that he's -- that Bernard Kilpatrick is
20 prodding Derrick Miller to catch up with Karl, correct?

21 A. Right.

22 Q. All right. Thank you. And finally, back to the early 2008
23 involvement of Karl Kado and Bernard Kilpatrick. You viewed
24 the fact that Mr. Kado was owed money by the City of Detroit
25 and the fact that he was enlisting the assistance of

1 Bernard Kilpatrick in connection with that as an opportunity
2 for you to further your investigation into Bernard Kilpatrick?

3 A. Right.

4 Q. Okay. You did not think it was illegitimate for Karl Kado
5 to be seeking reimbursement for these monies, did you?

6 A. Not at all.

7 Q. It was cool by you that he was going to try to get paid?

8 A. Right.

9 Q. And if he had gotten paid through Mr. Kilpatrick's
10 assistance, that would have been just fine with the FBI?

11 A. Right.

12 Q. All right. Now, you know from a February 4th, 2008
13 telephone call between Bernard Kilpatrick and Karl Kado that
14 was played yesterday that Bernard had begun work already as of
15 the time of that phone call, correct?

16 A. That's what he said, yes.

17 **MR. SHEA:** All right. And that phone call was, just
18 for the record, was on February 4th, 2008 at 1:31 p.m.

19 And now, Your Honor, I'd like to play what we would
20 offer as Defense Cobo 6, a call on February 4, 2008 at
21 12:21 p.m., an hour before the one I just referenced, and
22 that's call number 14839.

23 **MR. BULLOTTA:** No objection.

24 **THE COURT:** February 4th?

25 **MR. SHEA:** February 4th, 2008, this is at

1 12:21 p.m., Your Honor, so it's an hour earlier than the other
2 February 4th, 2008 call.

3 (Defendants' Exhibit Cobo 6 received into
4 evidence.)

5
6 **BY MR. SHEA:**

7 Q. And just to set the stage, this is a call that you
8 intercepted pursuant to wiretap, right?

9 A. Yes.

10 Q. And it's a call between Kwame Kilpatrick and
11 Bernard Kilpatrick, right?

12 A. Right.

13 (Defendants' Exhibit D-Cobo 6, audiotape, was
14 played.)

15 **BY MR. SHEA:**

16 Q. At this point it appears Kwame Kilpatrick has called
17 Bernard Kilpatrick, correct?

18 A. Yes.

19 Q. And it appears from the context that it appears to be a
20 call in follow-up to some contact they had had previously on
21 the subject of the DAH reimburse -- DAH Building reimbursement?

22 A. Yes.

23 Q. And Kwame Kilpatrick is advising Bernard Kilpatrick that
24 they owe him some money, but they don't owe as much as he's
25 claiming, right?

1 A. Right.

2 Q. And that they can't pay for certain things that are -- that
3 Karl is seeking reimbursement for, correct?

4 A. Correct.

5 Q. And Medina, do you know who Medina is?

6 A. Medina Noor, N-o-o-r.

7 Q. And she had what position at that time? She worked for
8 building safety or purchasing --

9 A. I think so.

10 Q. -- or something like that?

11 A. I think that's it.

12 Q. Okay.

13 A. Something to do with building construction or something.

14 Q. All right. Worked for the City of Detroit, though?

15 A. Right.

16 (Defendants' Exhibit D-Cobo 6, audiotape, was
17 played.)

18 **MR. SHEA:** That's fine.

19 **BY MR. SHEA:**

20 Q. The rest of it is personal, it appears, talking about
21 football --

22 A. Right.

23 Q. -- and politics and stuff like that.

24 All right. So who is Amru that they were referring
25 to there?

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1 A. Amru Meah, he was the director of building safety and
2 engineering department.

3 Q. Now, to be clear, Mr. Kado described that he actually had
4 three separate beefs with the city regarding collections,
5 right?

6 A. Run them by me real quick.

7 Q. He was owed money, he claimed, on the DAH Building?

8 A. Right.

9 Q. He was owed money, he claimed, on the electrical contract
10 from when he had the contract?

11 A. True.

12 Q. And he thought he was owed money on the cleaning contract
13 as well?

14 A. Right.

15 Q. And all we were discussing here is the DAH portion,
16 correct?

17 A. Correct.

18 Q. And it seems like a run-of-the-mill payment dispute, right?

19 A. In that conversation, it does, yes.

20 Q. Yeah, and you've got Karl Kado and Bernard Kilpatrick on
21 one side of it, correct?

22 A. Right.

23 Q. And you've got Kwame Kilpatrick and the City of Detroit on
24 the other side of it?

25 A. Right.

1 **THE COURT:** Let's take a break.

2 **MR. SHEA:** Let me just say, I don't think I have
3 anything further.

4 **THE COURT:** Okay. All right.

5 **MR. SHEA:** Thank you, Agent.

6 **THE COURT:** Twenty minutes, please.

7 (Jury out 10:36 a.m.)

8 (Recess taken 10:36 a.m. until 10:55 a.m.)

9 (Jury in 10:57 a.m.)

10 **THE COURT:** Be seated. Ladies and gentlemen, there
11 was some issue that one of you raised with Carol about
12 transcripts. If there is a transcript, we give it to you.
13 There's not -- not every single call and message is
14 transcribed, so if we're not giving you a transcript, that's
15 why. If you need us to replay, just say so.

16 Redirect.

17 **MR. BULLOTTA:** Yes.

18 **REDIRECT EXAMINATION**

19 **BY MR. BULLOTTA:**

20 Q. Agent Beeckman, on cross examination Mr. Shea played a
21 telephone recording on February 4th between Kwame Kilpatrick
22 and Bernard Kilpatrick, and that's D-Cobo 6. And with the
23 permission of Mr. Shea, I just want to ask you without playing
24 that again about a couple of things that were on that. You
25 want me to use the transcript to do that?

1 On that call that we just heard, D-Cobo 6, do you
2 see -- did you hear what Kwame Kilpatrick said with regard to
3 the money that Karl Kado was owed in reference to the DAH?

4 A. Yes.

5 Q. Can you read the highlighted portion?

6 A. "We ready to pay him, you know."

7 Q. Okay. And then on the bottom of the page here, can you
8 read the highlighted portion that Kwame Kilpatrick says about
9 the payment?

10 A. "We owe them. You know, uh, we have not, we have not met
11 our obligation with them."

12 Q. And that's February 4, 2008?

13 **A JUROR:** Could you put that up one more time?

14 **MR. BULLOTTA:** Absolutely, I will.

15 **BY MR. BULLOTTA:**

16 Q. So the first part you said Kwame said -- Kwame Kilpatrick
17 said, "We're ready to pay him, you know."

18 A. Correct.

19 Q. Meaning Karl Kado?

20 A. Yes.

21 Q. And then on the bottom --

22 **A JUROR:** Bring it up.

23 **THE COURT:** Bring it up.

24 **MR. BULLOTTA:** Bring it up?

25 **A JUROR:** The bottom, we can't see it here.

1 **BY MR. BULLOTTA:**

2 Q. Can you read that highlighted portion by Kwame Kilpatrick?

3 A. "We owe them. You know, uh, we have not, we have not met
4 our obligation with them."

5 Q. And, again, this is February 4 of 2008?

6 A. Yes.

7 Q. And when you were directing Karl Kado, did you direct him
8 to offer to pay Bernard Kilpatrick?

9 A. To offer to pay him?

10 Q. Yes.

11 A. Yes, to speak about it and agree to paying him.

12 Q. Now, was there a meeting after this, after Kwame Kilpatrick
13 said that they're ready to pay and that there's an obligation,
14 a meeting on March 1st, 2008?

15 A. Yes.

16 Q. And at that time, did you give a different direction to
17 Karl Kado about what to say about paying Bernard Kilpatrick?

18 A. Yes.

19 Q. And what did you tell Kado to do?

20 A. I told him to tell Mr. Bernard Kilpatrick that it was his,
21 Kado's money, and he shouldn't agree to pay.

22 Q. And why did you do this?

23 A. Just to see what Mr. Kilpatrick would say.

24 Q. Okay. I'm going to show you, instead of playing the tape
25 again, Government's Exhibit 17. I'm just going to refresh

1 your -- refer to a transcript for ease, with Mr. Shea's
2 permission. This is Page 6 at the bottom. This is after that
3 conversation we just saw on February 4th, 2008. This is
4 March 1, 2008?

5 A. Correct.

6 Q. And then can you read what Mr. Kado said.

7 A. Kado says, "But the point is about 10 percent. It's very
8 high, very hard for me to pay that."

9 Q. Is that what you directed Mr. Kado to do, to say he's not
10 going to pay Mr. Bernard Kilpatrick?

11 A. Yes.

12 Q. And can you read what Bernard Kilpatrick said?

13 A. "You don't even want to pay me though?" Kado says, "It's
14 very hard."

15 Q. And then on the top of Page 7, can you read what
16 Bernard Kilpatrick says.

17 A. He says, "Shit. This is, this, this wouldn't even be, it
18 would be so far back on the table it would take you two years
19 to go through lawyers to get your money, man. And you don't
20 even want ..."

21 Kado responds, "Thank you very much."

22 BK says, "You don't even want to pay me," and
23 expletive.

24 Q. And then, as far as you know, did Mr. Kado, during the
25 Kilpatrick administration ever get paid that money?

1 A. No.

2 Q. Now, Mr. Shea asked questions about the first time that
3 Karl Kado mentioned the parking lot conversation where,
4 according to Mr. Kado, Bernard Kilpatrick offered him ten more
5 years on the contracts if he wouldn't cooperate with the
6 government.

7 A. Yes.

8 Q. And you said that -- well, let me show you Exhibit 17A.
9 During the conversation at the breakfast spot on March 1 of
10 2008. Can you --

11 **MR. SHEA:** Your Honor, I'm sorry, I believe
12 Mr. Bullotta made a reference to -- I'm going to withdraw it
13 for a moment.

14 **BY MR. BULLOTTA:**

15 Q. Was there a conversation in the tape that the jury heard
16 from this meeting, breakfast meeting on March 1, 2008,
17 referencing that parking lot conversation and the ten years?

18 A. Yes.

19 Q. And can you read that for the jury, please?

20 A. "When you told me stay here ten years, I said no, I'm
21 leaving."

22 Q. And then there's more statements and then
23 Bernard Kilpatrick replies.

24 A. "Yeah."

25 Q. Thank you. Mr. Thomas asked you whether or not you

1 disclosed information pursuant to your constitutional
2 obligations, that information that's helpful to the defense?

3 A. Yes.

4 Q. Now, is that something you do in every case?

5 A. Every case, yes.

6 Q. Does it matter whether or not there's a request by the
7 defense?

8 A. No.

9 Q. It's your obligation, is that right?

10 A. Yes.

11 Q. And it's our obligation, correct?

12 A. Yes. I give it to you, you give it to them.

13 Q. Thank you. And you did that in this case?

14 A. Yes.

15 Q. And Mr. Thomas asked you about Mr. Kado's testimony and he
16 said, asked you whether or not he was being false or
17 misleading, and you said that -- you drew a distinction between
18 false and misleading and inconsistent details, do you remember
19 that?

20 A. Yes.

21 Q. Can you explain that?

22 A. Yes, I was asked the question on direct whether there had
23 been instances where Mr. Kado had either provided false
24 information or lied or something like that, and the distinction
25 I was drawing is, as we saw in cross examination, certainly,

there were certain things that he testified to which were different in some respects from what he had said in previous interviews, but I've never seen any instances where I've been able to determine that he lied to me or tried to mislead me in anything.

MR. BULLOTTA: Thank you. I have no further questions.

(11:05 a.m.)

RECROSS EXAMINATION

BY MR. THOMAS:

Q. Agent Beeckman, he wasn't talking to you when he was testifying here in court?

A. No, he was testifying.

Q. And you did acknowledge that there were differences between what he had said early on in your debriefings than what he had said in court, you're not taking that back, are you?

A. Not at all.

Q. And you're not taking back the fact that your report is inconsistent with his testimony as it relates to the points that I brought out in my cross examination of you?

A. Yes, that's correct.

Q. All right. Now --

A. You're correct, I'm not taking it back.

Q. Mr. Bullotta just asked you about March 1st, 2008 and whether or not Mr. Kado was ever paid by the Kilpatrick

1 administration.

2 A. Correct.

3 Q. You're aware, are you not, that in March of 2008, he was
4 being charged by Kym Worthy?

5 A. That Mr. Kilpatrick was?

6 Q. Yes.

7 A. Yes.

8 Q. Kwame Kilpatrick. We started talking about the Kilpatrick
9 administration. The Kilpatrick administration folded when
10 Mr. Kilpatrick resigned from office as a result of the guilty
11 plea negotiation in his state case, isn't that right?

12 A. True, he left office, yes.

13 Q. And that was when?

14 A. October of 2008.

15 Q. October 28, 2008, he went into jail, but he had already
16 pled guilty before that, right?

17 A. True.

18 Q. Part of that guilty plea was to resign and to leave office?

19 A. Yes.

20 Q. And so during the Kilpatrick administration, Karl Kado
21 wasn't paid.

22 A. Right.

23 Q. That's what your testimony is?

24 A. Yes.

25 Q. But are you aware whether he got paid by Kenny Cockrel's

1 administration?

2 A. I don't think he's ever been paid.

3 Q. Dave Bing's administration?

4 A. Correct.

5 Q. And so he hasn't been paid, period?

6 A. Right.

7 Q. On a deal that he could have taken \$200,000 on as early as
8 his discussions with Mr. Bernard Kilpatrick.

9 A. That's what it says in here. Whether they made him that
10 settlement offer, I don't know, but it seems like there was a
11 willingness to give him that amount of money.

12 Q. Yes. And there was discussions on that tape that you just
13 read or heard that he had walked out on a conversation where
14 settlement negotiations were made regarding the DAH Building?

15 A. That's what he said, yes.

16 **MR. THOMAS:** All right. Nothing further.

17 **MR. SHEA:** Very briefly, Your Honor.

18 (11:08 a.m.)

19 **RE CROSS EXAMINATION**

20 **BY MR. SHEA:**

21 Q. Mr. Bullotta had you read for the jury that purple looking
22 phrase or sentence in his redirect where Kwame says, "We ready
23 to pay him, you know." You see that?

24 A. Yes.

25 Q. And then Kwame says, down at the bottom, "We owe him. You

1 know, we have not met our obligation with them." Right?

2 A. Right.

3 Q. All right. Now, isn't it true that earlier in that
4 conversation what Kwame told Bernard Kilpatrick is, "But what
5 we want with him is" -- I'm paraphrasing.

6 Well, I'll read it directly for the record. "But
7 what we want is that with him is a settle figure." Does it say
8 that?

9 A. Right.

10 Q. So what Kwame Kilpatrick is describing in this conversation
11 are efforts that his administration has made in terms of
12 meeting with Karl Kado in an attempt to reach resolution of the
13 dispute, correct?

14 A. Yes.

15 Q. And that they're ready to pay him what they believe they
16 have an honest obligation to pay him, correct?

17 A. Yes.

18 Q. But they need a settlement figure for him in order to have
19 the thing tied up, isn't that right?

20 A. That's what he says, yes.

21 Q. Thanks.

22 **MR. SHEA:** Thank you, Your Honor.

23 (11:09 a.m.)

24

25

REDIRECT EXAMINATION

BY MR. BULLOTTA:

Q. One really brief issue that Mr. Thomas brought up about Mr. Kado not being paid, are you aware whether there's litigation pending involving Mr. Kado getting paid what he's owed by the city?

A. Yes.

Q. And is one of the defenses of the city for not paying him the fact that the contracts were corrupted --

A. Yes.

Q. -- and involved payments, illegal payments?

A. Yes.

Q. Thank you.

MR. SHEA: Your Honor, I'm going to object. The answer is already on the record, but how can it be relevant that the city is interposing a defense in a lawsuit by Karl Kado, and the city, the city's defense is, well --

MR. BULLOTTA: Can we do this at sidebar instead of arguing?

THE COURT: I'm going to strike the question and the answer and tell the jury to disregard it.

MR. SHEA: Thank you.

THE COURT: Done?

MR. BULLOTTA: I guess, yes.

THE COURT: Thank you. Next witness.

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1 Thank you. You may be excused, Agent Beeckman.

2 (Witness excused at 11:10 a.m.)

3 **MR. BULLOTTA:** Government calls Rowena Schuch.

4 **THE COURT:** Agent Schuch, I remind you that you're
5 still under oath.

6 **THE WITNESS:** Yes.

7 (11:10 a.m.)

8 **DIRECT EXAMINATION**

9 **BY MR. BULLOTTA:**

10 Q. Good morning.

11 A. Good morning.

12 Q. Agent Schuch, did you conduct a financial investigation
13 involving Mr. Bernard Kilpatrick?

14 A. Yes.

15 Q. And one of the things that you're going to testify to later
16 in this trial involves Mr. Kilpatrick and tax charges, is that
17 right?

18 A. Yes.

19 Q. We're not going to talk about the tax charges right now. I
20 just want to ask you about your review of his financial
21 records. Did you look through both his records for his
22 company, Maestro and Associates, as well as his personal bank
23 records?

24 A. Yes, I did.

25 Q. And looking through those records, did you ever find any

1 checks that were written by either Karl Kado or his entities,
2 Metro Services Organization or Ogden J?

3 A. No.

4 Q. Did you look through Bernard Kilpatrick's records to see if
5 there was any cash deposits in any of, either his personal
6 accounts or his Maestro accounts?

7 A. Yes, there were cash deposits, mainly into his personal
8 accounts.

9 Q. And you were here when Karl Kado testified that he paid
10 Bernard Kilpatrick between 180,000 and \$300,000, in that range?

11 A. Yes.

12 Q. And that was during the course of the time that
13 Kwame Kilpatrick was mayor, is that right?

14 A. Yes.

15 Q. I want to show you what's been marked BKF, standing for
16 Bernard Kilpatrick Finances, BKF 5, and I'm going to ask you if
17 you prepared this chart.

18 A. Yes, I did.

19 Q. How do you prepare the chart?

20 A. This was going through Mr. Bernard Kilpatrick's personal
21 bank records and coming up with the total of all the cash being
22 deposited into those accounts.

23 **MR. BULLOTTA:** Okay. I'd move to admit BKF 5,
24 Your Honor.

25 **MR. SHEA:** No objection.

1 **THE COURT:** Received.

2 (Government's Exhibit BKF 5 received into
3 evidence.)

4 **BY MR. BULLOTTA:**

5 Q. I only want to ask you about the first page of BKF 5.

6 **MR. BULLOTTA:** Can we see that, Ms. Facchini.

7 **BY MR. BULLOTTA:**

8 Q. Can you explain what this chart represents, this first page
9 of BKF 5?

10 A. It's a summary of all of the cash being deposited into
11 Bernard Kilpatrick's personal bank accounts.

12 Q. Okay. So these are not the Maestro and Associates
13 accounts, these are personal accounts?

14 A. Yes, these are personal accounts.

15 Q. In the name of whom?

16 A. Bernard Kilpatrick. One of the accounts is a joint account
17 with his daughter.

18 Q. Is that Diarra O. Kilpatrick?

19 A. Yes.

20 Q. And what was the total amount of cash deposited for 2002?

21 A. For 2002, it was \$118,810.

22 Q. Okay. And what about 2003?

23 A. 2003, \$140,240.

24 Q. And you can go through the different years.

25 A. 2004, 123,700; in 2005, 88,300; 2006, 59,905; 2007, 50,200;

1 2008, 23,900.

2 Q. So the total amount of cash deposited during the time
3 Kwame Kilpatrick was mayor into Bernard Kilpatrick's personal
4 accounts was what?

5 A. \$605,055.

6 Q. And did you review Bernard Kilpatrick's tax returns for
7 these years, 2002 through 2008?

8 A. Yes.

9 Q. And on any of those returns, did he ever declare that he
10 won money in gambling?

11 A. For --

12 Q. That exceeded any losses?

13 A. No.

14 Q. Did you hear Karl Kado testify the last two days?

15 A. Excuse me?

16 Q. Did you hear Karl Kado testify yesterday and the day
17 before?

18 A. Yes.

19 Q. And did you hear the discussion about Archie Clark and his
20 company, National Media, Incorporated?

21 A. Yes.

22 Q. And during the course of your review of
23 Bernard Kilpatrick's records, did you find any checks to
24 Maestro, Bernard Kilpatrick's company, from Archie Clark's
25 company, National Media, Inc.?

1 A. Yes.

2 Q. I have what's been marked Cobo 24A, and I also have a
3 summary of that which is Cobo 24. I want to show the witness.
4 First of all, what's Cobo 24A?

5 A. These are checks that were deposited into Maestro
6 Associates' bank account that are from National Media, Inc.

7 Q. And that's Archie Clark's company?

8 A. Yes.

9 MR. BULLOTTA: I'd move in the checks, Cobo 24A.

10 THE COURT: Received.

11 (Government's Exhibit Cobo 24A received into
12 evidence.)

13 BY MR. BULLOTTA:

14 Q. And I'm just going to pick a couple to show you.

15 MR. BULLOTTA: Can we see Page 6, Ms. Facchini, of
16 Cobo 24A, the checks from Archie Clark's company to
17 Bernard Kilpatrick?

18 BY MR. BULLOTTA:

19 Q. What is this check that we're showing you?

20 A. It is a check drawn up from an account of National Media,
21 Inc., payable to Maestro Associates, dated January 4, 2008 in
22 the amount of \$15,000.

23 Q. And does it appear to be signed by Archie Clark?

24 A. Yes.

25 Q. And you heard the tapes that were played involving

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1 Karl Kado and Bernard Kilpatrick where they were discussing
2 Karl Kado partnering with Archie Clark on a food contract, and
3 that conversation was held in March of -- February and March of
4 2008, is that right?

5 A. Yes.

6 Q. And this payment of \$15,000 is in January of 2008?

7 A. Yes.

8 Q. Is that right? Thank you. Can we see Page 7 of this
9 exhibit, this check.

10 What's this check?

11 A. This is a check from National Media, Inc. to Maestro
12 Associates, LLC, in the amount of \$15,000 dated April 1, 2008.

13 Q. And does this appear to be also signed by Archie Clark?

14 A. Yes.

15 Q. And that would -- April of '08, that would be one month
16 after the last call that the jury heard in March 2008, the
17 meeting -- I'm sorry, the meeting at the breakfast spot?

18 A. Yes.

19 Q. Okay. Can we see Page 8. And what's the date of this
20 check?

21 A. April 10, 2008.

22 Q. And what is this check for?

23 A. It is a check from National Media, Inc. to Maestro
24 Associates, LLC in the amount of \$15,000.

25 Q. Okay. Also signed by, appears to be Mr. Archie Clark?

1 A. Yes.

2 Q. And did you, were there a number of other checks like this?

3 A. Yes, there were other checks.

4 Q. And did you prepare a summary of all the checks from
5 National Media, Mr. Archie Clark's company, to Maestro,
6 Mr. Bernard Kilpatrick's company?

7 A. Yes.

8 Q. Is that -- do you see that summary in front of you as
9 Cobo 24?

10 A. Yes.

11 **MR. BULLOTTA:** I'd move in Cobo 24, Your Honor.

12 **MR. SHEA:** No objection.

13 **THE COURT:** Received.

14 (Government's Exhibit Cobo 24 received into
15 evidence.)

16 **BY MR. BULLOTTA:**

17 Q. Can you explain what your summary shows.

18 A. It's a summary of all of the checks that were deposited
19 into Maestro Associates' bank account from National Media, Inc.

20 Q. Okay. And the date range is from what to what?

21 A. The date range is from December 5, 2006 through July 3rd,
22 2008.

23 Q. And looks like most of the checks except for one are for
24 15,000, and one's for 14,000?

25 A. Yes.

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1 Q. And what's the total amount?

2 A. The total is 134,000.

3 Q. And were these deposited into, do you know, the business
4 account of Maestro?

5 A. Yes, they were deposited into the Maestro Associates, LLC
6 account at Comerica Bank.

7 Q. Thank you.

8 **MR. BULLOTTA:** Thank you, I have no further
9 questions.

10 (11:20 a.m.)

11 **CROSS EXAMINATION**

12 **BY MR. SHEA:**

13 Q. Good morning, Agent Schuch.

14 A. Good morning.

15 Q. How are you?

16 A. Good.

17 Q. Good. Now, you had, although you were not the agent who
18 was primarily responsible for the tax investigation of
19 Karl Kado, you were involved in some of the interviews that
20 were part of that investigation, correct?

21 A. I don't recall being part of interviews in that
22 investigation. I did interview Karl Kado, but that was not
23 part of the Kado investigation.

24 Q. Well, the agent who was the primary on the Karl Kado
25 investigation accompanied you to the interview you just

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1 referred to, correct?

2 A. Yes.

3 Q. So the fact of the matter is that interview served two
4 different purposes from the IRS perspective, correct?

5 A. I don't -- I can't say for what purpose the other agent was
6 there. I know he had previously interviewed him and he was the
7 one who got me in contact with Mr. Kado and his attorney.

8 Q. Well, you knew, at least generally speaking, what the tax
9 investigation involving Karl Kado was about, is that fair?

10 A. I really don't have any idea what his case was in regards
11 to.

12 Q. You didn't know that it was a case that involved suspicion
13 of skimming cash?

14 A. I know there was a tax case, but the details I really
15 wasn't involved with.

16 Q. All right. Well, let's talk generally. Have you been
17 involved in investigations of retail store owners in the past?

18 A. No.

19 Q. You never have been? How about any other retail service
20 providers like restaurants or bars?

21 A. I have.

22 Q. Do you know what cash skimming is?

23 A. Yes.

24 Q. What is it?

25 A. It's basically when somebody is skimming cash from their

1 business and not reporting it on their tax returns.

2 Q. All right. And to make that hopefully even clearer, it
3 means when the business is not recording sales of whatever it
4 is they are selling, cash sales of whatever it is they are
5 selling, is that right?

6 A. Yes.

7 Q. All right. So if I'm a bar owner, I'm selling drinks to
8 patrons and I'm pocketing the cash instead of running it
9 through my cash register and I'm not reporting those cash
10 receipts to the IRS, right?

11 A. Right.

12 Q. And the same thing if I'm running a sundries store, I'm
13 selling a candy bar to somebody and that buck and a quarter
14 goes in my pocket instead of putting it in the cash register
15 and I'm not reporting that buck and a quarter to the IRS,
16 right?

17 A. Right.

18 Q. Right? Okay. And then assuming your expenses are being
19 accurately reported, if your sales are understated, your net
20 income is understated, correct?

21 A. Yes.

22 Q. And then you're paying tax on a lower net income amount
23 than you should be paying tax on, correct?

24 A. Yes.

25 Q. Now, you did interview Karl Kado on March the 28th of 2007,

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1 is that right?

2 A. I think so.

3 Q. Okay. I've got a copy for you. And at that time, that's
4 the interview that we were just describing that Agent Brian --
5 is it Pegher?

6 A. It's Brett Pegher.

7 Q. Brett, I'm sorry, Brett Pegher, he accompanied you to that
8 interview?

9 A. Yes.

10 Q. And he was the agent who was in charge of the Karl Kado tax
11 investigation?

12 A. Yes.

13 Q. And he was the person who was the go-between between you
14 and Karl for this particular interview, is that right?

15 A. Yes.

16 **MR. SHEA:** All right. If I may approach, Your
17 Honor.

18 **BY MR. SHEA:**

19 Q. Is that a copy of your report, Agent Schuch?

20 A. Yes, it is.

21 Q. And is it dated March 28, 2007?

22 A. Yes.

23 Q. All right. So that was the date of the interview, correct?

24 A. Yes.

25 Q. And that interview, the subject of that interview was

1 Mr. Kado's relationship with Bernard Kilpatrick?

2 A. Yes, it was in regards to financial transactions between
3 Kado and Mr. Bernard Kilpatrick.

4 Q. Right. Including cash payments by Karl Kado to
5 Bernard Kilpatrick, correct?

6 A. Yes.

7 Q. 'Cause that was important to you, it was central to you in
8 certain respects with respect to your tax investigation of
9 Bernard Kilpatrick.

10 A. There was information that there was cash being paid, and I
11 noticed that there was cash being deposited into his accounts.

12 Q. And you were investigating whether Bernard Kilpatrick, in
13 fact, was reporting all the cash that he was supposed to be
14 reporting to the IRS?

15 A. Correct.

16 Q. That's why it was relevant to you to know what cash
17 payments Karl Kado made to him, correct?

18 A. Yes.

19 Q. All right. Now, so in the course of that investigation or
20 in the course of this interview, you described -- I'm sorry,
21 you discussed that with him, with Karl Kado, correct?

22 A. Yes.

23 Q. And isn't it true that in that interview Mr. Kado told you
24 that Bernard Kilpatrick did not -- did not specify that he
25 wanted cash?

1 A. Yes.

2 Q. What he said was, because you probably said, "Well, why did
3 you pay him cash then?" Right?

4 A. Right.

5 Q. What he said was, "Well, he didn't specify, it was well
6 known that he was to be paid in cash."

7 A. Right.

8 Q. He didn't explain to you why he thought it was well known
9 that, did he?

10 A. No, he did not.

11 Q. All right. It wasn't important to you, you were just
12 trying to figure out whether he paid him cash and whether it
13 was reported or not, right?

14 A. I believe I asked him why he was paid in cash, and his
15 answer was, "It was well known he was to be paid in cash."

16 Q. Okay. That's what he said?

17 A. Yes.

18 Q. But he didn't explain it?

19 A. No.

20 Q. He didn't tell you why it was in his mind he was supposed
21 to pay Bernard Kilpatrick in cash when Bernard Kilpatrick
22 himself didn't specify he wanted to be paid in cash, correct?

23 A. Correct.

24 Q. All right. Now, in fact, you did a pretty thorough
25 investigation of Mr. Kilpatrick -- Mr. Bernard Kilpatrick's

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1 finances, right?

2 A. Yes.

3 Q. All right. And you had to have noticed any, you know,
4 probably hundreds of checks that he had received in the course
5 of his conducting business, correct?

6 A. He did receive checks.

7 Q. Lots of checks, didn't he?

8 A. Yes.

9 Q. From lots of different people, correct?

10 A. Yes.

11 Q. All right. Now, could we see BKF 5, please. It's fair, is
12 it not, Agent Schuch, that for any of these years you have no
13 personal knowledge what was the source of the cash that went
14 into Mr. Kilpatrick's accounts, is that fair?

15 A. That's correct, I don't know the source of the cash.

16 Q. There's no, there's nothing on the dollar bills themselves
17 that say who they're from, correct?

18 A. Even if they did, I wouldn't -- I didn't see the actual
19 dollar bills. All I saw was the deposit slip and a slip from
20 whatever the financial institution produces in terms of what
21 the deposit consisted of.

22 Q. Right, and the cash tickets don't tell you what the sources
23 of the cash are?

24 A. No, they don't.

25 Q. Deposit slips don't tell you what the sources of the cash

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1 are?

2 A. No.

3 Q. It's just a total amount of cash that's being deposited.

4 A. Correct.

5 Q. Now, Mr. Bullotta asked you about whether you had heard
6 agent -- or Karl Kado's testimony yesterday, and you did hear
7 that testimony, correct?

8 A. Yes.

9 Q. And you heard him testify from the stand that he thought he
10 had only paid Bernard Kilpatrick in the years 2002 and 2003,
11 correct?

12 A. I know that there was a final payment in 2005, he said.

13 Q. Oh, there was \$100,000 in 2005, okay. Setting that aside,
14 2000 -- in terms of the regular payments he claimed to have
15 been making, 2002 and 2003, correct?

16 A. I believe so.

17 Q. And you heard a recording where he -- well, one of the
18 things he says to Mr. Kilpatrick is, "You got this amount in
19 2003," and Mr. Kilpatrick said, "Wait a minute, what are you
20 talking about 2003?" And Karl Kado says, "Oh, wait, you didn't
21 get that in 2003." You heard that as well, correct?

22 A. I don't recall that part.

23 Q. Okay. Well, we can, we can, we can, we can argue that
24 later. The fact of the matter is that you can't -- you don't
25 have any personal knowledge that the cash that you tracked into

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1 Bernard Kilpatrick's accounts, whether they were business
2 accounts or personal accounts, came from Karl Kado?

3 A. No, it's cash. I can't trace where cash came from.

4 Q. Could have been from any number of sources?

5 A. That's correct.

6 Q. All right. And in terms of -- Mr. Bullotta asked you
7 whether there were any years in which Mr. Kilpatrick's gambling
8 losses exceeded his winnings. Do you recall that?

9 A. He asked if, based on the tax returns, that if his, he had
10 any additional gambling winnings that weren't offset by the
11 losses.

12 Q. Well, I took the question to be broader. Let me ask a
13 different question.

14 In terms of your investigation of
15 Bernard Kilpatrick, you investigated his gambling activities as
16 well, correct?

17 A. Yes.

18 Q. All right. And were there any years where his winnings
19 exceeded his losses?

20 A. No.

21 Q. No. Nonetheless, there were some days he won, correct?

22 A. Yes.

23 Q. There were some days he lost, correct?

24 A. Yes.

25 Q. On the days he won, presumably he walked out with cash,

1 didn't he?

2 A. I would assume.

3 Q. Okay. One can lose money over the course of the year in
4 gambling and still be depositing cash on the day that one wins,
5 or the day after one wins, into an account, correct?

6 A. That's correct, but I also did an analysis of the days
7 Bernard Kilpatrick was at the casino and what his gaming
8 activity was at the time and compared it to what was happening
9 at the financial institutions, whether he was depositing or
10 withdrawing cash.

11 Q. Sometimes people squirrel away cash, though, don't they?

12 A. Yes, they do.

13 Q. And when it gets to a certain amount or when they have a
14 certain need or purpose, a bill to pay, they'll deposit cash at
15 that time, correct?

16 A. Right.

17 Q. Doesn't need to be tied to a particular gambling activity
18 or even a particular business activity, does it?

19 A. No.

20 Q. All right. And he played lotto as well, didn't he?

21 A. Yes.

22 Q. And some days he won, and probably most days he lost,
23 correct?

24 A. I don't know.

25 Q. All right.

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1 A. Probably.

2 Q. We'll just play the odds. Probably that, right? Again,
3 he'd be presumably receiving cash on the days that he won,
4 correct?

5 A. Yes.

6 Q. All right. So the point is you don't know in any of these
7 years with respect to any of these numbers what portion of them
8 represented deposits from gambling winnings.

9 A. Correct. But also on some of these years, he didn't report
10 any gambling at all.

11 Q. I appreciate that, you know. I'm not suggesting that
12 \$605,000 worth of deposits were gambling winnings. What I'm
13 suggesting is, or just trying to re-make the point is, you
14 don't know to what extent these amounts represent Karl Kado's
15 money, right?

16 A. Correct.

17 Q. Birthday gifts, right?

18 A. Correct.

19 Q. Gambling winnings, correct?

20 A. Correct.

21 Q. Lotto winnings, correct?

22 A. Right, I don't know the source.

23 Q. Any number of innumerable kinds of sources of cash, right?

24 A. Correct.

25 Q. To the extent that a person did pay Bernard Kilpatrick in

1 cash, there's nothing necessarily illegal about that, is there?

2 A. No.

3 Q. Might be illegal if he's not reporting it to the IRS and
4 paying taxes on it, but there's nothing illegal about receiving
5 cash for services, correct?

6 A. Correct.

7 **MR. SHEA:** Could we see Government Exhibit Cobo 24,
8 please. Let's make it 24A, starting with 24A.1.

9 **BY MR. SHEA:**

10 Q. This exhibit is a compilation of a number of checks that
11 you discovered from National Media to Maestro Associates, and
12 you discovered these in the course of your investigation of
13 Bernard Kilpatrick, correct?

14 A. Yes.

15 Q. And the first such check was written on December 5, 2006,
16 according to the document, correct?

17 A. Yes.

18 Q. And that's the document that's on the screen, 24A.1?

19 A. Yes.

20 Q. And we know that was endorsed and went into
21 Mr. Kilpatrick's Maestro Associates account, correct?

22 A. Yes.

23 Q. And what does the memo line say?

24 A. "Consulting."

25 **MR. SHEA:** All right. Now, can we go to the next

1 one, 2, please, A.2.

2 **BY MR. SHEA:**

3 Q. January 5, 2007 in the amount of \$14,000, again, National
4 Media to Maestro Associates, correct?

5 A. Yes.

6 Q. Again, endorsed, deposited into Mr. Kilpatrick's account,
7 correct?

8 A. Yes.

9 Q. Memo line says "Consulting," correct?

10 A. Yes.

11 **MR. SHEA:** Can we go to the last one, which would
12 be, is it 9?

13 **BY MR. SHEA:**

14 Q. July 3rd, 2008, in the amount of \$15,000, again, endorsed
15 and deposited into the Maestro Associates account, correct?

16 A. Yes.

17 Q. All right.

18 **MR. SHEA:** Could we have 24 now, please,
19 Ms. Facchini.

20 **BY MR. SHEA:**

21 Q. So this is your summary table of these nine checks ranging
22 in date from 12/5/06 to July 3rd, '08, correct?

23 A. Correct.

24 Q. And with two exceptions, they're essentially quarterly, is
25 that correct?

1 A. It appears so.

2 Q. Regular amounts with the exception of the \$1,000 difference
3 in the second one, correct?

4 A. Yes.

5 Q. And the first two have the word "consulting" in the memo
6 line, correct?

7 A. Yes.

8 Q. Now, Mr. Bullotta brought this up in the context of the
9 Karl Kado testimony, but the fact is the vast majority of these
10 checks were written and issued to Bernard Kilpatrick before
11 February of 2008 when he was working with Karl Kado in
12 connection with the amounts owing him by the City of Detroit,
13 correct?

14 A. Yes.

15 Q. And, frankly, you don't have any idea what specific work
16 Bernard Kilpatrick was doing for National Media in order for
17 him to receive these checks from them, is that correct?

18 A. I believe I did review an FBI 302 of Archie Clark.

19 Q. Well, let me put it this way, you don't have any personal
20 knowledge of why National Media, Inc. issued these checks to
21 Bernard Kilpatrick?

22 A. No.

23 Q. You do know, or you learned in the course of your
24 investigation there was a business relationship between
25 Bernard Kilpatrick and Archie Clark, who was the principal of

1 National Media?

2 A. Yes.

3 Q. There was some testimony regarding Bernard Kilpatrick
4 buying lottery tickets from Andrew Kado's Tunnel Liquor store
5 over a period of time. Do you recall that?

6 A. Yes.

7 Q. All right. And I think it's been established that there
8 were times when that store, as well as Mr. Kado's earlier
9 store, were extending lines of credit to -- I don't want to be
10 too formal about this, were allowing him to make purchases on
11 credit, fair?

12 A. Yes.

13 Q. Now, in the course of your financial investigation of
14 Bernard Kilpatrick, you reviewed -- well, you obtained lots of
15 copies of checks by Bernard Kilpatrick to Tunnel Liquor,
16 correct?

17 A. Yes.

18 Q. Whether they were from his personal account or from the
19 Maestro Associates account, he was writing lots of checks to
20 Tunnel Liquor, isn't that correct?

21 A. Yes.

22 Q. And, in fact, in the year 2007, he wrote checks that
23 exceeded \$45,000 to Tunnel Liquor, is that correct?

24 A. I don't know the exact amount.

25 Q. I'm placing before you a table that represents, I believe,

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1 a summary of your analysis of Tunnel Liquor checks that
2 Mr. Kilpatrick wrote from his personal account.

3 A. Yes.

4 Q. And does that table reflect that in the year 2007 he wrote
5 \$44,669 worth of checks to Tunnel Liquor?

6 A. It was between his personal and his business accounts, and
7 the total is 45,000.

8 Q. What did I say?

9 A. Forty-four.

10 Q. I'm sorry.

11 A. \$45,669.19.

12 Q. Thank you very much, Agent Schuch.

13 **MR. BULLOTTA:** Just very briefly.

14 **THE COURT:** Okay.

15 (11:38 a.m.)

16 **REDIRECT EXAMINATION**

17 **BY MR. BULLOTTA:**

18 Q. Agent Schuch, you were asked by Mr. Shea about whether
19 those deposits into Bernard Kilpatrick's accounts, his personal
20 accounts, could have reflected gambling winnings?

21 A. Yes.

22 Q. And then you mentioned you did some analysis. I just want
23 to ask you what analysis you did.

24 A. I just compared what was happening on a specific day when
25 he did have gambling winnings, was it possible that cash was

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1 being deposited from these winnings. For the most part, when
2 cash was deposited, it didn't coincide with a gambling win.
3 Gambling activity, it appeared that there were cash withdrawals
4 the days that there was some gambling activity, but there were
5 just a few possible deposits that coincided with gambling
6 winnings, but there weren't very many.

7 Q. So are you saying that the withdrawals from his account
8 coincided more with the days of gambling activity?

9 A. Yes.

10 Q. Thank you. Nothing further.

11 (11:40 a.m.)

12 **RE CROSS EXAMINATION**

13 **BY MR. SHEA:**

14 Q. Agent Schuch, Bernard Kilpatrick gambled all the time,
15 didn't he?

16 A. There was quite a bit of gambling activity.

17 Q. Lots of it?

18 A. Yes.

19 Q. It is not uncommon for gamblers, even gambling addicts, to
20 withdraw cash before going, from an account before going to
21 gamble, is it?

22 A. Correct.

23 Q. All right. It's also not uncommon for gamblers to hoard
24 cash and not necessarily deposit it in close conjunction with
25 winning.

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1 A. Right.

2 Q. Thank you.

3 **THE COURT:** Okay. You may step down.

4 (Witness excused at 11:40 a.m.)

5 **THE COURT:** Next witness.

6 **MR. BULLOTTA:** Yes. United States calls
7 Anthony Soave.

8 **THE COURT:** Morning, Mr. Soave.

9 **ANTHONY SOAVE,**

10 at 11:41 a.m., being first duly sworn by the Court to
11 tell the truth, was examined and testified upon his oath
12 as follows:

13 **THE COURT:** Take the stand, try and speak right into
14 the microphone.

15 (11:41 a.m.)

16 **DIRECT EXAMINATION**

17 **BY MR. BULLOTTA:**

18 Q. Good morning, Mr. Soave.

19 A. Good morning.

20 Q. Could you say your name for the record and spell your last
21 name?

22 A. Anthony Soave, S-o-a-v-e.

23 Q. You might want to pull the microphone a little closer.

24 A. How's that?

25 Q. That's good. Mr. Soave, what is your current occupation,

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1 what do you do for a living?

2 A. I, I own some companies, I have a holding company and I own
3 several companies.

4 Q. Okay. And did you get your start working in the landfill
5 business?

6 A. I was a small contractor, and then I wound up going into
7 the landfill business and into the waste business.

8 Q. Okay. And have you always been based in the City of
9 Detroit?

10 A. Since about, I think, '74, something like that. Before
11 that, I think I was in Macomb County. I forgot.

12 Q. But since 1974, your businesses have been in Detroit, is
13 that fair?

14 A. Yes.

15 Q. And your current business is Soave -- one of your current
16 businesses, your holding company, is Soave Enterprises?

17 A. Soave Enterprises, yes.

18 Q. And where is that located in Detroit?

19 A. On Lafayette and Mt. Elliott.

20 Q. And so is that a Detroit-based and Detroit-headquartered
21 company?

22 A. Yes.

23 Q. Now, about 20 years ago, Mr. Soave, did you purchase a
24 company called Inland Waters?

25 A. Yes.

1 Q. And at that time that you purchased it, what did Inland
2 Waters do?

3 A. They were an industrial cleaner. They used to, to do work
4 in, in the industrial plants. They would clean around the
5 machinery and clean machinery and stuff on the down time, when
6 the plants have a down time, the cleaners go in and clean paint
7 booths and stuff like that.

8 Q. Talking about the auto plants?

9 A. Auto plants, yes. Well, other plants also but primarily
10 the auto plants.

11 Q. And was that company located, is that company located in
12 Detroit also?

13 A. Yes, it is.

14 Q. And is that in the area of I-75 and Schaefer?

15 A. Yes.

16 Q. Now, over the years, since you purchased Inland Waters, did
17 it develop from a small industrial cleaning company into
18 something else?

19 A. Yes. Well, I was also -- I also was a sewer contractor and
20 so it was M&M Contracting.

21 Q. M&M Contracting?

22 A. M&M Contracting, yes. So I --

23 **A JUROR:** I'm sorry, sir, I'm having a little bit of
24 trouble hearing you. Can you move the microphone just a tiny
25 bit closer.

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1 **THE WITNESS:** Okay, okay. Let me --

2 **A JUROR:** Did you say you were a soil contractor? I
3 missed that.

4 **BY MR. BULLOTTA:**

5 Q. Were you a soil contractor?

6 A. Soil?

7 Q. Or sewer?

8 A. Sewer.

9 **THE COURT:** Sewer.

10 **THE WITNESS:** Yes.

11 **MR. BULLOTTA:** And I'll go a little slower also.

12 A. No, it's okay. I'll answer fast.

13 **THE COURT:** Well, it's sometimes hard because of the
14 sound system, it's sometimes hard to pick up every word that
15 you're saying.

16 **THE WITNESS:** Oh, okay, all right.

17 **BY MR. BULLOTTA:**

18 Q. So we were talking about moving the Inland Waters business
19 from being an industrial cleaning company into something else
20 involving the sewers.

21 A. I gradually moved them into the sewer business, Inland
22 Waters, besides doing the cleaning. They still did the
23 cleaning, but then they were, they graduated or they moved into
24 the sewer business.

25 Q. Did that include having contracts with DWSD?

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1 A. Yes. I think at first they were subcontractors.

2 Q. And over the years, have your companies, the various
3 companies that you've held and owned, have they had contracts
4 with the City of Detroit?

5 A. Yes.

6 Q. And how far does that go back, your relationship, business
7 relationship with the city?

8 A. Well, to '74, I think, I think that was the first time.

9 Q. And is there someone named Dennis Oszust, spelled
10 O-s-z-u-s-t?

11 A. Yes. He was a superintendent out in the field for M&M, and
12 then eventually into Inland Waters.

13 Q. So Mr. Oszust worked at Inland Waters?

14 A. Yes, he did.

15 Q. And then as far as your company, Soave Enterprises, who was
16 Kathleen McCann?

17 A. She's a vice president Soave Enterprises. Or she was. She
18 just re -- left.

19 Q. Is there someone named Yale Levin?

20 A. Yes.

21 Q. Who is Yale Levin?

22 A. Yale Levin, he's an executive vice president at Soave
23 Enterprises.

24 Q. And as far as other companies in the City of Detroit, did
25 you also have a scrap business?

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1 A. Yes, I still do. It's called Ferrous Processing, and we
2 have yards here and in Ohio and in Florida.

3 Q. Did you also own a, I don't know if you still own it, but
4 the Checker Cab Company?

5 A. Yes, I still do.

6 Q. And that's, is that -- does that operate --

7 A. It's located in Detroit.

8 Q. And during the Kwame Kilpatrick administration, 2002 to
9 2008, did you have these companies that we were talking about?

10 A. Yes.

11 Q. So you had a lot of companies that interacted with the city
12 and that --

13 A. Yes, I, I did.

14 Q. Was it important for you to be on good terms with the city?

15 A. Yes.

16 Q. And why is that?

17 A. Because it's good business practice to be.

18 Q. And you had a number of business concerns here in the City
19 of Detroit?

20 A. Yes.

21 Q. I want to direct your attention to the year 2001, the last
22 year that Mayor Dennis Archer was in office. In that year, did
23 Inland Waters receive a contract or at least were they told
24 that they were going to get a contract known as 1368, a pipe
25 relining contract?

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1 A. Yes, they did.

2 Q. And was that a small contract, a large contract, do you
3 know?

4 A. It was about 50 million.

5 Q. And in putting the bid together on that contract, was
6 there, did Inland Waters have a minority component?

7 A. Yes, they did.

8 Q. And who was that?

9 A. His name was Charlie Williams.

10 Q. And who is Charlie Williams?

11 A. Charlie Williams is, he's a gentleman, he's an attorney,
12 and he was the former director of the DWSD.

13 Q. And was he the director on a couple of occasions of the
14 DWSD, do you think?

15 A. Was he --

16 Q. On two different occasions, was he --

17 A. Yes, I think he left and then he went back. I don't know
18 what the reasons were, but I think he was there for a total of
19 five or six, seven years, something like that.

20 Q. And he's also an attorney?

21 A. Yes, he is.

22 Q. Did you, back in 2001, did you do something called
23 mentoring of minority contractors?

24 A. Yes.

25 Q. Can you describe for the jury what mentoring a minority

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1 contractor involves?

2 A. It involves helping a contractor to become a full-fledged
3 contractor, a viable contractor, eventually, so they bid on
4 their own jobs, instead of just being a subcontractor.

5 Q. And what does it involve, what does it entail on your part
6 for Soave Enterprises or Inland to mentor -- and by the way,
7 was Charlie Williams, was that someone you were mentoring?

8 A. Yes.

9 Q. What's entailed --

10 A. Well, for that job. Before that, I hadn't been.

11 Q. What were you planning on doing with Charlie Williams in
12 relationship to contract 1368?

13 A. Well, we knew that he knew generally about that business
14 because he was the director, so he surely knew about it, and we
15 were going to get him into -- I was an old friend of Charlie's,
16 I knew Charlie for years, so it wasn't like I just met him.
17 And so he -- we were going to mentor him and have him do some
18 work on the job and help him do it and get him equipment and,
19 you know, help him become a contractor.

20 Q. Was he going to have his own company?

21 A. At the end, yes. Well, he was going to have it, his
22 company, I mean, you mentor the company, you know, not the
23 person, so ...

24 Q. But by the end, it would be a viable company?

25 A. Well, not, you know, maybe not viable at the end of the

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1 first job, but maybe after a job or two, you know. Sometimes
2 it happens in one job, but usually it takes some time.

3 Q. And was Charlie Williams mentioned on the bid when --

4 A. Yes, he was listed as my minority subcontractor.

5 Q. Did you have any relationship with Kwame Kilpatrick before
6 he became mayor in 2002?

7 A. No, I did not.

8 Q. Did you support him when he ran for office in 2001 for
9 mayor?

10 A. No, I did not.

11 Q. Did you support his opponent, Gil Hill, do you know?

12 A. Yes.

13 Q. Shortly after Kwame Kilpatrick was elected, did he pay you
14 a visit to your office at Soave Enterprises?

15 A. Yes, Kwame came to my office and paid me a visit.

16 Q. Can you describe what happened during that visit?

17 A. He just came to say hi and asked me, asked me why I didn't
18 support him, and I told him I didn't know him, and we
19 chitchatted and that was about it, you know. We just talked
20 about some things. I forgot exactly what, but basically it was
21 just a social visit.

22 Q. What happened in early 2002 with respect to the 1368
23 contract? Were you waiting for your letter to start work?

24 A. We were waiting. We had heard that it passed all the, all
25 the committees and the council, the city council, and it was,

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1 it was on the mayor's desk to be signed, and I don't know what
2 happened. It was at the end of the Archer administration.

3 Q. So now we're in the Kilpatrick administration in early
4 2002, and was there, was your company ready to start work?

5 A. We were waiting, yes. We were anxious, you know, waiting,
6 you know, to start the job.

7 Q. Okay. And did you, in April of 2002, did you set up a
8 meeting with Mayor Kilpatrick?

9 A. Yes. After three or four months we're waiting, and I
10 called him up, you know, asked if I could see him, and there
11 had been some noise or something, said you better go see the
12 mayor because this thing's not going to move unless you go see
13 him. So I went to see him.

14 Q. Did you go to the mayor's office?

15 A. Yes, I did.

16 Q. And who was at that meeting, if you remember? Did you
17 bring anybody with you?

18 A. No, I did not.

19 Q. Do you know if the mayor had anyone in his office?

20 A. You know, I don't remember if he had anybody there or not.
21 I can't remember.

22 Q. But you came alone, though, right?

23 A. Yes, I did.

24 Q. Describe what occurred at the meeting.

25 A. I asked him what the holdup was on the job because we were

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1 anxious, and I have, I had a lot of people waiting to go to
2 work, and it was, it was a big, important thing. That was a
3 large, you know, contract for us and I just wanted to know what
4 the holdup was.

5 Q. And did you ask the mayor what the holdup was?

6 A. Yes, I did.

7 Q. And what did he tell you?

8 A. He told me I had the wrong subcontractor.

9 Q. And what did you say?

10 A. I don't know exactly how it was, but, you know, I --

11 Q. What did you communicate to Mr. Kilpatrick? Did you ask
12 any questions?

13 A. Well, I don't know exactly. I just asked him what was
14 wrong, and he said I had the wrong subcontractor, and I think I
15 asked him, "What's the right one?" So he told me, he told me
16 Ferguson was the right one.

17 Q. Did you know Bobby Ferguson at that time?

18 A. No, I did not.

19 Q. So what did you tell him after he told you that Ferguson
20 was the right minority subcontractor and you had the wrong one?

21 A. I told him, "Okay, I'll make a change."

22 Q. Did that conclude the meeting?

23 A. You know, we might have said a few other things, but that
24 was the important thing.

25 Q. And then what did you do after meeting with the mayor? Did

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1 you speak with Ms. McCann?

2 A. Well, I went back to my office. I don't know if I spoke to
3 her right away, but I probably did, you know.

4 Q. Did you talk to Mr. Levin about it?

5 A. I talked to both of them. Our offices were together, you
6 know, so I told him we had to make a change.

7 Q. And did you make a change?

8 A. I didn't hear what you --

9 Q. Did you make a change?

10 A. Yes, we did.

11 Q. And what happened to Charlie Williams?

12 A. I told Charlie Williams that we had to make a change and,
13 of course, he was very disappointed.

14 Q. Did Charlie Williams put any work in on the bid process?

15 A. He had helped us, you know, put the bid together, yes. And
16 he was getting, you know, getting prepared, you know, to assume
17 the responsibilities.

18 Q. Why did you agree to make the change?

19 A. Because I wanted the job.

20 Q. Did you have any money invested in the job or --

21 A. Certainly, I mean, all kinds of money. I mean, it costs
22 money to bid jobs, but that was our livelihood. I mean, Inland
23 was, that was a big deal for Inland. So we were all -- there
24 were a lot of people depending on it.

25 Q. Were you in any way worried about losing the contract?

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1 A. Was I worried about what?

2 Q. Losing the contract?

3 A. Well, yes, I was worried about it. I wanted to -- that's
4 why we were, we were all waiting. Everybody was asking me,
5 "Hey, go see the mayor, find out what's wrong," because we
6 wanted to get started, and --

7 Q. What were the financial --

8 A. I didn't --

9 Q. I'm sorry, go ahead.

10 A. I didn't know what the problem was.

11 Q. What would the financial impact have been, if any, on
12 Inland if you had lost the contract?

13 A. It would have been terrible for us, I mean, there were a
14 lot of people would have been out of work. There were, I mean,
15 hundred -- I don't know how many people, but it would have been
16 a lot of people out of work, and it would have been a hardship
17 on the company also.

18 Q. Why so?

19 A. Well, because \$50 million worth of work is a lot of work
20 for a company the size of Inland.

21 Q. Did you tell Charlie Williams, then, that you had to make a
22 change?

23 A. Yeah, I did, yes, I did.

24 Q. What was his reaction?

25 A. His reaction was he was very disappointed and so, I mean,

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1 that was a, that was the extent of it. He was just very, very
2 disappointed.

3 Q. Did you feel bad about it?

4 A. I felt bad, yes. I didn't know Bobby Ferguson and I knew
5 Charlie Williams, and I put him in as my contractor, and we
6 were -- you know, I was disappointed also, yes.

7 Q. You were going to mentor Charlie Williams?

8 A. Yes.

9 Q. Did you give Charlie Williams some money, around \$200,000?

10 A. Yes, I did.

11 Q. And why did you do that?

12 A. Well, it was my feeling that I had -- I wanted to do
13 something. I don't think, I don't think I had to, but I wanted
14 to do something to help him. I don't know, I just thought -- I
15 was feeling bad for him, and I wanted to, I wanted to help him
16 out. He worked on it with us, and so I just came up with a
17 number. There was no formula or anything. It was just
18 something I just, I came up with a number. I bounced it off a
19 couple people that work for me, and we came up with the
20 200,000.

21 Q. And do you currently -- are you currently partners with
22 Charlie Williams in a company?

23 A. Yes.

24 Q. What's the name of that company?

25 A. It's MPS.

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1 Q. Is that MPS Industrial Services?

2 A. Yes.

3 Q. And who owns the majority of that company?

4 A. Charlie owns, I think it's 52 percent.

5 Q. All right. Did you mentor him into owning that company?

6 A. Yes.

7 Q. And how much money does Charlie Williams' company do a year
8 now, currently, approximately?

9 A. MPS is doing, I don't know, 35, 40 million, something like
10 that.

11 Q. What kind of work do they do?

12 A. They do cleaning, industrial cleaning, sort of like Inland
13 started.

14 Q. Is Charlie Williams successful in your view?

15 A. Is he what?

16 Q. Successful as a business owner?

17 A. Well, I mean, we're working hard at it, we're trying to
18 grow the company and we're getting better, yes, it's
19 successful. I mean, it's making money so ...

20 **A JUROR:** What was the revenue of MPS?

21 **BY MR. BULLOTTA:**

22 Q. What was the revenue again approximately, did you say 35?

23 A. Approximately 35 or 40 million, I'd say, or maybe 45 going
24 to 50, somewhere in that range.

25 Q. Per year?

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1 A. Yeah, per year.

2 **MR. BULLOTTA:** Okay. I have what's been marked IN1,
3 for Inland 1-3, and I'd like to show -- I would like to move
4 that into evidence. It's a page --

5 **MR. RATAJ:** No objection.

6 **THE COURT:** Received.

7 (Government's Exhibit IN1-3 received into
8 evidence.)

9 **THE COURT:** Want to take a five-minute break now?
10 This may be a good place. Take five minutes.

11 (Jury out 12:02 p.m.)

12 (Recess taken 12:02 p.m. until 12:10 p.m.)

13 (Jury in 12:11 p.m.)

14 **THE COURT:** Be seated.

15 **BY MR. BULLOTTA:**

16 Q. Mr. Soave, before we broke, we were talking about a meeting
17 that you had with Mayor Kilpatrick in April of 2002 in which
18 you were told that you had the wrong minority contractor on
19 your bid for 1368?

20 A. Yes.

21 Q. I want to show you what's been introduced as IN1-3, and I
22 want to show you for the record a page of Mayor Kilpatrick's
23 official calendar dated Tuesday, April 23rd, 2002.

24 **MR. BULLOTTA:** And can you, Ms. Facchini, scroll --

25 **THE COURT:** Have you moved this in?

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1 **MR. BULLOTTA:** Yes.

2 **MR. RATAJ:** Your Honor, can we have a sidebar on
3 this?

4 **MR. BULLOTTA:** I thought I moved it in.

5 **THE COURT:** I'm sorry, is it in evidence?

6 **MR. BULLOTTA:** I did right before the break, moved
7 it in.

8 **MR. RATAJ:** And I made a mistake because I thought
9 it was a different document. And now that I've looked at it,
10 it's --

11 (The following sidebar conference was held:)

12 **THE COURT:** Do I need to see it?

13 **MR. RATAJ:** Yeah, you need to see it. I'm sorry,
14 Mr. Bullotta, that was my mistake, and I apologize. Judge,
15 that is not the same -- that is not a calendar. That looks
16 like it's a compilation, okay. That is not the format that the
17 government has been putting in regarding Mr. Kilpatrick's
18 calendar.

19 I know I'm making the argument for Mr. Gurewitz, so
20 I'll let him get in here.

21 **MR. GUREWITZ:** Well, Your Honor, I had that issue
22 and I haven't talked to Mr. Rataj about this, but I went to the
23 U.S. Attorney's Office yesterday to look at the calendars, and
24 they have some of them compiled in notebooks, particularly for
25 that year, 2002, and I did find that that one is in the same

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1 format as all the other ones from January through the end of
2 May.

3 **MR. RATAJ:** Okay. So --

4 **THE COURT:** So this is a compilation, it's not the
5 actual calendar page, is that correct your objection?

6 **MR. GUREWITZ:** No, I'm satisfied that it's in the
7 same format as all the other calendars for that year --

8 **MR. RATAJ:** Okay.

9 **MR. GUREWITZ:** -- and based upon the government's
10 representation that they got those from, from the city, or
11 through the county and the city.

12 **MR. CHUTKOW:** I'm guessing that they went to a
13 different format. He had Microsoft Outlook.

14 **MR. BULLOTTA:** He saw this page in the actual
15 calendar, copy of the calendar that we had yesterday.

16 **THE COURT:** All right. Then I'll admit it.

17 **MR. RATAJ:** My mistake, I'm sorry, on two scores.

18 **THE COURT:** It's okay.

19 (End of discussion at sidebar.)

20 **THE COURT:** All right. IN1-3 has been admitted.

21 **BY MR. BULLOTTA:**

22 Q. Mr. Soave, directing your attention to the mayor's calendar
23 for Tuesday, April 23, 2002, specifically a meeting that's on
24 his schedule for 11:00 to 11:30. Do you see what that says
25 there?

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1 A. Yes, I do.

2 Q. What does it say?

3 A. It says, "Meeting with Tony Soave."

4 Q. At the mayor's office, right?

5 A. The mayor's office.

6 Q. Is that timeframe, can we go back to the date at the top,
7 please?

8 A. I think so. I didn't look at my records to see, but I --
9 that's about the time.

10 Q. So you said it was several months after Mayor Kilpatrick --
11 you said you waited a few months before --

12 A. Yes.

13 Q. -- meeting with him?

14 A. Yes.

15 Q. So would this be consistent with your memory?

16 A. Yes.

17 Q. Okay. Thank you.

18 Now, you were in charge, ultimately, of Inland
19 Waters?

20 A. Yeah, I was the owner, I was the owner.

21 Q. And Bobby Ferguson's company worked with Inland Waters on
22 contract 1368, is that --

23 A. Is that the --

24 Q. The sewer relining contract.

25 A. You mean the contract that we're talking about that we were

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1 waiting for?

2 Q. Yes.

3 A. Yes.

4 Q. So the work started, correct?

5 A. Yes.

6 Q. And Ferguson worked with folks at your company?

7 A. Yes, he did.

8 Q. And did that include dealings with Kathleen McCann and --

9 A. Yes, she was the overseer, and she would deal with Oszust,
10 you know, Dennis Oszust.

11 Q. And did Mr. Oszust and Ms. McCann, did they tell you about
12 their interactions with Bobby Ferguson?

13 A. Mrs. McCann, she would tell me mostly.

14 **MR. RATAJ:** Your Honor, I'm going to object, that's
15 hearsay, hearsay.

16 **MR. BULLOTTA:** I'm going to --

17 **THE COURT:** He hasn't asked for the hearsay yet. If
18 he asks what she said, then it's hearsay.

19 **MR. BULLOTTA:** Well, I intend -- can we have a
20 sidebar then? This is going to go to why he did what he did
21 later, and I can give an offer of proof at sidebar if you'd
22 like.

23 **THE COURT:** All right.

24 (The following sidebar conference was held:)

25 **MR. BULLOTTA:** I intend to ask this witness about

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1 conversations that he had with Kathleen McCann about Ferguson's
2 interactions where he threatened them using his relationship
3 with the mayor, and it affects the reasons why he decided not
4 to cut off Ferguson, to keep him working on these contracts,
5 and it also affects, he'll say why he did certain things for
6 the mayor, he wanted to make the mayor happy, and he wanted to
7 make Ferguson happy.

8 So it goes directly to his state of mind. It's not
9 offered for the truth that these things were said. That's
10 going to come in through McCann herself who is testifying.
11 They can cross examine McCann about that. This is going to his
12 state of mind. He's the ultimate decision-maker.

13 **THE COURT:** Okay. I'll permit it.

14 (End of discussion at sidebar.)

15 **THE COURT:** And I should just tell the jury that I
16 have ruled that the statements that Mr. Bullotta is about to
17 elicit are admissible, but you should understand that they're
18 not admitted for the truth of what those statements are. In
19 other words, he's going to ask what Ms. McCann said, and
20 they're not offered for the truth of what she said, but just to
21 establish the witness's state of mind for what he did on this
22 contract.

23 **BY MR. BULLOTTA:**

24 Q. Mr. Soave, did you have conversations with Kathleen McCann
25 about Bobby Ferguson and her dealings with him?

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1 A. Yes.

2 Q. And can you describe some of the issues that she told you
3 about?

4 A. Well, she was always having issues with him, I mean,
5 regarding one thing or another. She was always negotiating or
6 meeting with him, and she would come back and tell me that she
7 was having, she was having problems or he's a handful.

8 Q. Did she ever talk to you about, specifically about Ferguson
9 making statements about his, about why you got the contract?

10 A. Well, yes. I mean, he on occasions would say, "Do you
11 realize you're here because of me?" You know, so that used to
12 not make us feel good.

13 Q. Why did you say that didn't make you feel good?

14 A. Well, because it sounds like a little threat, you know,
15 when you hear that.

16 Q. Would Ms. McCann talk to you about the fact that Ferguson
17 would remind her of his relationship with Mayor Kilpatrick?

18 A. I don't know exactly how he stated it, but, you know,
19 saying, "Do you realize you're here because of me?" that says a
20 lot. Saying, "See, you don't get it. You realize you're here
21 because of me?" So that's what she came back and told me, so I
22 understand what that means.

23 Q. What did you take that to mean?

24 A. That means that, that "You probably better get along with
25 me."

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1 Q. Why?

2 A. "Or it could be consequences," you know, I guess. I mean,
3 he didn't say "or," he didn't say what would happen. He just
4 said that, and people understand that very well.

5 Q. Were you happy as the head of, an owner of Inland Waters,
6 were you happy with Ferguson's work performance?

7 A. Well, he was, he was -- he was a troubling contractor for
8 us. We had a lot of problems with handling him one way or
9 another, and with his wanting more work, more money, you know,
10 more things all the time. So Kathleen could probably address
11 that a little better, but she would come back and complain to
12 me all the time.

13 Now what happened?

14 **MR. SHEA:** Sometimes the mic cuts out.

15 **THE COURT:** It's just the sound system, it's not
16 you, nothing personal.

17 **THE WITNESS:** Okay. Thank you.

18 **BY MR. BULLOTTA:**

19 Q. Can you repeat that last part where you -- the microphone
20 malfunctioned?

21 A. She would complain to me, you know, all the time about her
22 meetings with him because they were, they were not fun meetings
23 for her, you know. She was having trouble with him asking for
24 things all the time, and I had -- on certain occasions there
25 was some work that wasn't being done, and we had a problem with

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1 him. But that was over the period of time now, you know,
2 because he worked for us for a long time.

3 Q. And then was there an occasion when these problems were
4 occurring where you spoke with Mayor Kilpatrick about their
5 relationship?

6 A. I think a couple times I brought it up to him. I mentioned
7 to him --

8 Q. Mentioned to whom? I'm sorry.

9 A. I mentioned to the mayor, "Is Bobby Ferguson still your
10 guy?" And he said, "Yes, he's still my guy." So I understood
11 he was still friends with him.

12 Q. Why did you ask the mayor, "Is Bobby still your guy?"

13 A. Well, I mean, we would be able to act accordingly then, you
14 know, because we would've probably, I don't know, we would have
15 probably cut his workload down, or we would have done some sort
16 of thing like that.

17 It was unusual for a subcontractor to talk to us the
18 way he was talking to us.

19 Q. So it wasn't a normal subcontractor relationship?

20 A. No, it definitely wasn't.

21 Q. At some point during the contract, did you learn that
22 Bobby Ferguson wanted to become a partner with Inland?

23 A. Oh, that was the, one of the meetings that he, Mrs. McCann
24 came back and said, "Do you want to hear the latest?" I forgot
25 exactly how she said it. I said, "Yes, tell me."

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1 And she said that Bobby said the next time we bid on
2 the next contract, he wants to be our partner, he wants to bid
3 50-50 or something like that.

4 Q. And what --

5 A. Either a partner or 50-50.

6 Q. And how was that received by you?

7 A. I told her you can tell him to go F himself. I'd rather
8 not have the work than be partners with him.

9 Q. In 2005, did you sell your majority shares, your 80 percent
10 shares of Inland Waters?

11 A. Yes, I did.

12 Q. Was that to a company called Strong Capital?

13 A. Yes.

14 Q. But you still retained 20 percent share?

15 A. Yes.

16 Q. Did you become less involved then with Inland Waters?

17 A. Yes.

18 Q. Do you know if Inland Waters went on to do additional work
19 with Ferguson?

20 A. I believe they did, yes.

21 Q. But you weren't involved in that?

22 A. I wasn't. We still owned 20 percent, and Kathleen, I
23 think, was on the board, her and Yale Levin, I think, were both
24 on the board, so they had to have some contact. It wasn't like
25 we didn't have any contact.

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1 Q. Now, I want to ask you about something called the
2 Kilpatrick Civic Fund. Are you aware of what the Kilpatrick
3 Civic Fund is?

4 A. Yes.

5 Q. And did you, did Soave Enterprises make contributions to
6 the Kilpatrick Civic Fund?

7 A. Yes, we did.

8 Q. I'm sorry, going back to the last topic area.

9 **A JUROR:** When did this witness sell his shares in
10 the company?

11 **BY MR. BULLOTTA:**

12 Q. Was that in 2005 that you sold your shares?

13 A. I don't know the exact date. I don't have that, we'd have
14 to look that up, but it was about that time.

15 **THE COURT:** About 2005, was that it? Yes? About
16 2005?

17 **THE WITNESS:** You know, I don't know exactly. I
18 would have to look it up. I think that sounds right, but you
19 know --

20 **THE COURT:** Okay.

21 **THE WITNESS:** -- if it's real important, we should
22 probably look it up for you.

23 **BY MR. BULLOTTA:**

24 Q. Okay. I'm going to show you what's been marked IN1-64.
25 Actually, it's in front of you. Do you see IN1-64?

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1 A. Yes, yes.

2 Q. And do you see three checks there?

3 A. Yes.

4 Q. And are those checks from Soave Enterprises to the
5 Kilpatrick Civic Fund?

6 A. Yes.

7 **MR. BULLOTTA:** I would move in IN1-64, Your Honor.

8 **THE COURT:** Received.

9 (Government's Exhibit IN1-64 received into
10 evidence.)

11 **BY MR. BULLOTTA:**

12 Q. Let me show you the first, down here, the first check. I
13 know that the number is kind of hard to read, but do you see,
14 can you read the amount here?

15 A. Who, me?

16 Q. Yes.

17 A. 75,000.

18 Q. Okay. And is this your signature --

19 A. Yes, it is.

20 Q. -- on the lower right corner?

21 A. Yes, it is.

22 Q. And this is pay to the order of the Kilpatrick Civic Fund?

23 A. Yes.

24 Q. And is the date on that, does it appear to be August 3rd of
25 2004?

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1 A. Yes.

2 Q. How did you come to give \$75,000 to the Kilpatrick Civic
3 Fund?

4 A. I believe the mayor asked me if I would contribute and I
5 did.

6 Q. And did you know what the purpose of the Kilpatrick Civic
7 Fund was?

8 A. I believe it was, I thought it was to do something with the
9 city kids, some kind of civic thing.

10 Q. Okay. And did you give again? Let me show you Page 2.
11 Did Soave Enterprises give again on November 6 --

12 A. Yes.

13 Q. -- of 2006? And this time, how much was it? Can you tell
14 how much that is?

15 A. It was 50,000. Is that the next one?

16 Q. Yeah. Do you see the date on this?

17 A. Yes.

18 Q. November 6, 2006?

19 A. Yes.

20 Q. And is that your signature stamp maybe?

21 A. Yes, it is.

22 Q. And then can we see -- I don't want to go too fast. Now
23 can we see Page 3?

24 A. Yes, that's 50,000, and that's my stamp also.

25 Q. And this is the third check and this is for -- on the date

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1 of April 15, 2008?

2 A. Yes.

3 Q. And that's also for \$50,000?

4 A. Yes.

5 Q. And to the Kilpatrick Civic Fund?

6 A. Yes.

7 Q. Okay. So a total of \$175,000 you gave?

8 A. Yes, 75 and two 50s, yes.

9 Q. Thank you. During the time that Kwame Kilpatrick was mayor
10 of the City of Detroit, did you own any private airplanes?

11 A. Yes, I did.

12 Q. And did you own them through a company called City
13 Aviation?

14 A. Yes.

15 Q. Can you describe the private planes that you owned?

16 A. I owned three, three of them. One was a Lear 45 and one
17 was a Falcon 20 and one was a Turbo Commander.

18 Q. The Lear 45 and Falcon 20, are those jets?

19 A. Yes, they are.

20 Q. And the Turbo Commander, is that a combination of a
21 propeller and a jet too?

22 A. Yes, it's still considered a jet, but it's a turbo prop, I
23 guess, but yes.

24 Q. And how many people do those planes seat?

25 A. I think eight. The one, you can get ten in it. The

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1 Falcon's a little larger, you can get ten in. The other two, I
2 think it was eight, I believe. The Lear is eight and a jump
3 seat, that's nine, so -- and the Turbo Commander, I think that
4 was eight. I don't have that any longer.

5 Q. Directing your attention back to August of 2003, do you
6 recall that there was a blackout in the Midwest, including the
7 Michigan area, southeast Michigan area?

8 A. Yes.

9 Q. And did you at some point provide a private jet for the use
10 of Kwame Kilpatrick?

11 A. Yes. We couldn't pick him up, but I think we brought him
12 back. Our plane couldn't get out to go pick him up.

13 Q. Could you maybe back up a little bit from the microphone?

14 A. Okay. How is that?

15 Q. That's good. So you said that you took him back, you're
16 talking about Mayor Kilpatrick?

17 A. Yes.

18 Q. And back to where?

19 A. We were asked if we could pick him up, and we tried but we
20 couldn't get out, the plane couldn't get out, so we didn't pick
21 him up. I don't know how he got here. He was in the Bahamas,
22 I believe, and so --

23 Q. In the Bahamas?

24 A. I think he was in the Bahamas. I think that's where he
25 was.

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1 And we brought him back after it got stabilized here
2 or whatever happened.

3 Q. Do you know who asked you to get involved, do you know?

4 A. I think that Derrick Miller called me. I think he called
5 for a plane to go pick him up.

6 Q. Okay. But then you said that you couldn't do that. Was
7 that because of the blackout conditions?

8 A. Yes, we couldn't get out. The pilot couldn't get clearance
9 to get out of the airport.

10 Q. But then you said Mayor Kilpatrick got here and then --

11 A. Yes.

12 Q. -- then he wanted to go back to Nassau --

13 A. Yes.

14 Q. -- to the Bahamas?

15 A. Yes. His family was down there.

16 Q. And did you provide a jet for him to, a jet flight for him
17 back down there?

18 A. I believe I brought him back down, and I don't know if I
19 brought the family back or not. I don't remember. I think so.

20 Q. And after that, the flight that you were talking about
21 there, were there additional times where you provided jet
22 service for Kwame Kilpatrick?

23 A. Yes.

24 Q. And how many flights in total, do you recall,
25 approximately?

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1 A. Well, I think we have a list here, and I think it's about
2 20 round trips.

3 Q. Okay. So 40 flights, 20 rounds trips about?

4 A. Yes.

5 Q. I have what's been marked JET, JET3. Do you see JET3 in
6 front of you? Do you see that chart?

7 A. Yes.

8 Q. And is that a chart that was prepared by individuals in
9 your organization, Soave Enterprises?

10 A. Yes.

11 **MR. BULLOTTA:** I would move in JET3, Your Honor.

12 **THE COURT:** Received.

13 (Government's Exhibit JET3 received into
14 evidence.)

15 **MR. BULLOTTA:** Can we see, maybe we could highlight
16 this first, this first column.

17 **BY MR. BULLOTTA:**

18 Q. We were talking about August of 2003 and the blackout, do
19 you remember? Do you see --

20 A. Yes.

21 Q. Do you see a departure date of August 16, 2003 and the
22 departure city, Detroit, destination city --

23 **A JUROR:** I can't see it.

24 **THE COURT:** He can't really see it. You need to
25 blow it up a little more.

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1 **BY MR. BULLOTTA:**

2 Q. Departure date of August 16, 2003. See that?

3 A. Yes.

4 Q. And then where is the departure city, what does it say for
5 departure city?

6 A. Detroit to Nassau.

7 Q. And --

8 A. And Nassau --

9 Q. And destination city is Nassau?

10 A. Yes.

11 Q. And that's in the Bahamas?

12 A. Yes.

13 Q. And it says, "Drop off." Do you see that? Do you see
14 that, "Drop off"?

15 A. Yes.

16 Q. What number is that?

17 A. One.

18 Q. Would that have been Mayor Kilpatrick then?

19 A. Yes, I assume, I think that's it.

20 Q. And then what's this under the hours?

21 A. That's the approximate flight time.

22 Q. Does it say which of your planes was used?

23 A. It says the Falcon.

24 Q. And does it have a retail value cost, the cost of the
25 flight?

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1 A. Yeah, that's a cost that -- it's not our cost, but that's a
2 retail.

3 Q. Okay. Thank you. And back out a little bit. And then
4 does it also show a pickup on -- I'm sorry, would that be --
5 the next night that's listed here, would this be, on the same
6 day, would this be the pilots returning?

7 A. Yes.

8 Q. So the pilots had to fly back, right, to Detroit?

9 A. Right, right.

10 Q. And then was there a -- about five days later, was there a
11 pickup of the Kilpatrick family on August 21, 2003?

12 **MR. GUREWITZ:** Objection, Your Honor, I think
13 there's no foundation. He's asking for speculation about who
14 was in the party.

15 **MR. BULLOTTA:** I'll back up.

16 **THE COURT:** You just need to ask a few more
17 foundation questions.

18 **MR. BULLOTTA:** Sure, I will, no problem.

19 **BY MR. BULLOTTA:**

20 Q. Do you see this flight, August 21, 2003?

21 A. Yes, I do.

22 Q. Okay.

23 **MR. BULLOTTA:** And the -- Ms. Facchini, can you
24 please go to the right?

25

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1 **BY MR. BULLOTTA:**

2 Q. All right. This is from Detroit to Nassau, do you see
3 that, Detroit to Nassau?

4 A. Yes.

5 Q. And then looks like it's, I can't see -- can you back out?
6 I don't know what that column is, says, "Pickup," and it has
7 the number 6.

8 A. Yes.

9 Q. Do you know who was being picked up, the six people that
10 were being picked up?

11 A. I think it was his family but, you know --

12 Q. And then again it's the Falcon?

13 A. Yes.

14 Q. Thank you.

15 **MR. BULLOTTA:** Can you back out?

16 **BY MR. BULLOTTA:**

17 Q. So I'm not going to go through every flight, but you see
18 there are various flights listed, there's one from Detroit to
19 Nassau, there's others, Detroit to Orlando. Do you see a
20 number of flights?

21 A. Yes.

22 **MR. BULLOTTA:** And then can we see Page 2?

23 A. Yes.

24 **BY MR. BULLOTTA:**

25 Q. Looks like there's various flights to different cities.

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1 Can you tell us some of the cities that --

2 A. On Page 2 or --

3 Q. Page 2, yes, just give us an idea of some of these flights.

4 A. Detroit to Mackinac Island, let me see, Detroit to East
5 Hampton; Boston to Detroit; Detroit to Houston, Houston to
6 Detroit; Detroit to Greensboro, Greensboro to Detroit; Detroit
7 to Cleveland, Cleveland to Detroit; Detroit to Pellston,
8 Pellston to Detroit; Detroit to Houston, Houston to Detroit.

9 **MR. BULLOTTA:** Can we see the Page 3.

10 **BY MR. BULLOTTA:**

11 Q. These are all involving Mayor Kilpatrick, is that right?

12 A. Yes. Detroit to Norfolk.

13 Q. I want to -- let's do the -- okay. I want to ask you about
14 this one, August 6, 2006. Or, sorry, August 2nd, 2006, do you
15 see departure city, Detroit, then Norfolk, Virginia?

16 A. Yes.

17 Q. And then from Norfolk, where does it go?

18 A. To Bermuda.

19 Q. Okay. And then can you see -- can we go over here,
20 Ms. Facchini -- how many people were dropped off in Bermuda?

21 A. Says nine.

22 Q. Okay. Do you know what that trip was for?

23 A. No, I do not.

24 Q. Okay. And when you loaned out your jets for these various
25 trips, how did you -- how were you asked for the plane, do you

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1 know?

2 A. Someone, either the mayor or Derrick or someone from his
3 office would call.

4 Q. Okay. And could you back out. A number of more additional
5 flights, looks like Detroit to Miami?

6 A. Yes.

7 Q. Detroit to Tallahassee, see that one?

8 A. Right, right, yes, I see Detroit to Tallahassee.

9 Q. Can you go to the next page.

10 A. Detroit to Tallahassee again.

11 Q. Looks like more Tallahassee trips, and there's a Chicago
12 trip in here?

13 A. Yes, Chicago Midway to Tallahassee.

14 Q. And then a trip from Detroit to Tallahassee?

15 A. Detroit to Tallahassee again.

16 Q. Then from Tallahassee to Miami?

17 A. Tallahassee to Miami, where is that?

18 Q. On the very bottom.

19 A. Very bottom?

20 Q. Page 4.

21 A. Yeah, Tallahassee to Miami, yeah.

22 Q. And then Miami back to Detroit?

23 A. Yes.

24 Q. Can we see the next page. And then there's additional
25 trips, looks like --

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1 A. Yeah, Detroit to Nassau.

2 Q. Another trip back down to the Bahamas?

3 A. Yes. Let me see, Nassau to Fort Lauderdale, Fort
4 Lauderdale to Detroit; Detroit to Tallahassee again. And we
5 have from Naples to West Palm Beach, and then West Palm Beach
6 to Tallahassee. Let me see, Detroit to Tallahassee again,
7 Tallahassee to Metro, and Detroit to Naples and Naples to
8 Tallahassee, Tallahassee to Detroit.

9 Q. Okay.

10 **MR. BULLOTTA:** The next, can we go down to the
11 bottom. Can you highlight this area here. This one here.

12 A. Yes.

13 **BY MR. BULLOTTA:**

14 Q. Okay. Does this, this is the total number of flight hours,
15 135.7?

16 A. Yes.

17 Q. And is this number, \$389,874, is that the retail cost of
18 the flights?

19 A. Yes.

20 Q. And who was the only person that could -- or who could
21 authorize these flights?

22 A. Who from my company?

23 Q. Yeah.

24 A. I primarily, and I mean, Yale or Kathleen probably could,
25 too, but I primarily did it.

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1 Q. You did?

2 A. I primarily did it, yes.

3 Q. Okay. Thank you.

4 **A JUROR:** Could you repeat what that retail cost was
5 again?

6 **MR. BULLOTTA:** Okay. Can we see the bottom of the
7 last page, please, Ms. Facchini. Just if you can blow this up
8 right here.

9 **A JUROR:** And you said the authorizers were Tony
10 Soave, Ms. McCann and who else?

11 **THE WITNESS:** Yale Levin.

12 **BY MR. BULLOTTA:**

13 Q. Do you think you knew about all of these flights when they
14 were happening?

15 A. Yes, I think I did.

16 Q. Did you approve them?

17 A. Did I?

18 Q. Yes.

19 A. I don't know if I approved every one, but if not, maybe one
20 I didn't, somebody else did, but I primarily did.

21 Q. Okay. At some point during the, providing these flights to
22 the mayor, did you ever talk to him about billing him for the
23 flights?

24 A. It came up.

25 Q. Tell us about that.

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1 A. I know one time anyway.

2 Q. Tell us about that conversation with Mayor Kilpatrick.

3 A. Well, I brought up to him that maybe, you know, I should be
4 billing him for some of these because they're getting to be a
5 lot of flights.

6 Q. And what did the mayor say?

7 A. He said he would look into it.

8 Q. And what happened after that, as far as paying for it?

9 A. Nothing, and I also think Yale met with Christine Beatty to
10 try to figure some way to --

11 Q. To pay for it?

12 A. Yeah, yes.

13 Q. Well, let me ask you this, then, Mr. Soave. It sounds like
14 you were getting a little bit -- well, were you getting a
15 little bit concerned about all these flights?

16 A. Well, yes, I was getting concerned, and it was getting to
17 be more than a little bit. And some of the flights were, I
18 mean, like during the blackout or something, that, that
19 certainly was not a problem, and there were a couple other
20 times when he came down to one of my projects in Virginia and
21 looked at some of our condos, and so that was business that I
22 felt was okay.

23 But some of them that were, you know, purely for the
24 family, I just thought that had to be handled some way.

25 Q. Were you going with Mayor Kilpatrick on most of those

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1 trips, were you flying with them?

2 A. No, I was not on them, on most of them. I was on three or
3 four, I don't know. I mean, I'd have to look real close, see
4 how many, but not most of them, no.

5 Q. Well, why did you keep -- even though he didn't pay you,
6 why did you keep allowing him to use the jets?

7 A. Because he's the mayor.

8 Q. What do you mean by that?

9 A. It's hard to turn the mayor down, you know. I didn't want
10 to get on the wrong side of him.

11 Q. What do you mean by that?

12 A. Well, I wanted to keep him happy. You know, I don't want
13 him -- I don't want him holding another job up, okay. There
14 was one job held up, and I had that in my mind all the time, I
15 didn't want it to happen again.

16 Q. Did you ever take the mayor on one of your jets to New York
17 to do some Christmas shopping?

18 A. Yes, I did.

19 Q. And how many times do you think you did that?

20 A. I think two times. I was going, and I don't know how it
21 came about that we got together, whether I asked him or he
22 asked me, but we went.

23 Q. Before I get to the Christmas shopping, I forgot to ask you
24 this question, how did you -- because City Aviation was
25 providing these flights to the mayor?

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1 A. Yes.

2 Q. How did you treat that on your tax returns? Did you, what
3 did you do?

4 A. I took it -- I did not expense it.

5 Q. Meaning what?

6 A. I paid taxes on the flights.

7 Q. So you took it as income to yourself?

8 A. Yes, I did.

9 Q. Now, as for the two trips to New York City, did you go with
10 Mayor Kilpatrick on those trips?

11 A. Yes, I did.

12 Q. And who else went on the trips, do you know?

13 A. You know, he had one person and I don't remember exactly, I
14 know he had somebody with him one time, maybe the other time he
15 didn't. I don't remember.

16 Q. Do you know if Christine Beatty ever went on a trip?

17 A. I think she went one time.

18 Q. And what did you --

19 A. I know he had a bodyguard one time. I don't --

20 Q. And did you invite the mayor to go with you?

21 A. I don't recall whether I invited him or he said he wanted
22 to go. I forgot how it came about, but I know we went
23 together, and I was going so ...

24 Q. And what did you do in New York City?

25 A. We had dinner and we went shopping.

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1 Q. Did you pay for any items for Mayor Kilpatrick?

2 A. Yes, I did.

3 Q. Can you describe to the jury what you paid for?

4 A. I paid for, I think, a pair of shoes and a purse and a
5 watch.

6 Q. Do you remember, what kind of watch, do you know?

7 A. It was a man's watch for his dad.

8 Q. Was it a Cartier watch, do you know?

9 A. Yes, it was.

10 Q. Do you know how much it was worth or how much you paid?

11 A. It was \$6,000.

12 Q. And you said it was for the mayor's dad?

13 A. Yes.

14 Q. Was that a Christmas present, do you know?

15 A. It was around Christmastime, so I don't know, I --

16 Q. And you said, also you mentioned a purse and shoes?

17 A. Yes.

18 Q. Do you know how much the purse was?

19 A. No, I don't. I think it was, the purse was 1,200 or
20 something like that, and the shoes were 800.

21 Q. And why did you pay for these items?

22 A. I don't know, I just, I just paid for them.

23 Q. Let me ask you about -- do you have some property down in
24 Naples, Florida?

25 A. Yes, I do.

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1 Q. And I want to direct your attention to Exhibit -- IN1,
2 IN1-65.

3 **MR. GUREWITZ:** Mr. Bullotta, could you say that
4 number again?

5 **MR. BULLOTTA:** Sure, it's IN1-65.

6 **BY MR. BULLOTTA:**

7 Q. I want to direct your attention to the timeframe,
8 Mr. Soave, of April of 2007. In that timeframe, did you --
9 were you on vacation at your property down in Naples?

10 A. Yes.

11 Q. And did you, do you recall receiving a phone call from
12 Mayor Kilpatrick?

13 A. Yes, I do.

14 Q. Do you recall where you were when you got that call?

15 A. I was in the exercise room at the Ritz-Carlton.

16 Q. Okay. Do you belong to the Ritz-Carlton down there?

17 A. Yes, I belong. They have, they have some kind of a club,
18 and I belong to it.

19 Q. So you work out there?

20 A. Yeah, occasionally.

21 Q. And so what did Mayor Kilpatrick tell you on --

22 A. He wanted him -- him and his family wanted to come down and
23 he couldn't get any rooms. He wanted to know if I could help
24 get some rooms.

25 Q. What did you tell him?

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1 A. I told him I would check and see and I'd call him back.

2 Q. Okay. Was there someone in the workout area that you
3 talked to?

4 A. There was a trainer that I was working with, and I asked
5 him if he could help and he said he thought he could, so he
6 went upstairs and he said that he, I think he said he got two
7 rooms, he locked two rooms up.

8 Q. For the mayor, this was for the mayor?

9 A. Yeah, two rooms, I asked him for, I told him it was for the
10 mayor, as a matter of fact.

11 Q. And did you have to give him some money?

12 A. Yes, he said he needed some money so I gave him some money.
13 This is a little confusing to me how much, but it was, I
14 thought I gave him 3,000, it could have been 3,500.

15 **THE COURT:** I'm sorry, the "him" we're talking about
16 is the trainer who got the --

17 **THE WITNESS:** The trainer, yes. He went upstairs to
18 the reservation desk, and he said that he locked up a couple
19 rooms, but he needed some money to keep them, so I gave him the
20 money.

21 **BY MR. BULLOTTA:**

22 Q. Okay. And then did Mayor Kilpatrick and his family come
23 down to stay at the Ritz-Carlton?

24 A. Yes.

25 **MR. BULLOTTA:** I have records, invoices from the

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1 Ritz-Carlton. I'd like to move IN1-65 into evidence.

2 **THE COURT:** Received.

3 (Government's Exhibit IN1-65 received into
4 evidence.)

5 **BY MR. BULLOTTA:**

6 Q. First, do you see the name of the person on this document,
7 the Ritz-Carlton document? What does that say?

8 A. Are you asking me?

9 Q. Yes.

10 A. "Kwame Kilpatrick."

11 Q. Okay. It says, "Mr. Kwame Kilpatrick"?

12 A. Yes.

13 Q. And then is there a company listed?

14 A. Yes, Soave Enterprises.

15 Q. And that's your company?

16 A. Yes.

17 Q. And it shows an arrival date and a departure date, arrival
18 date of April 7, '07 and departure April 12, '07?

19 A. Yes.

20 **MR. BULLOTTA:** And can we scroll down, Ms. Facchini.
21 Can we stop here.

22 **BY MR. BULLOTTA:**

23 Q. Do you see where it says, "Prepaid deposit," and then I
24 don't know if that's a credit card number, and then \$1,500 and
25 then cash, \$2,000?

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1 A. Yeah, I don't remember that transaction. I know it
2 happened. I just don't remember the amounts and --

3 Q. Okay. Are these records that reflect the stay of the
4 Kilpatrick family?

5 A. Yes.

6 Q. Okay. And then can we scroll down. And then I see another
7 cash credit for \$4,000?

8 A. Yes.

9 Q. Do you know if you provided that 4,000 or if that was
10 Mayor Kilpatrick?

11 A. You know, I don't know if I did or if he did.

12 Q. Okay. Thank you.

13 **MR. BULLOTTA:** And then can we scroll down, please?
14 And then go to the next page, please.

15 **BY MR. BULLOTTA:**

16 Q. Looks like there's some more charges, the room charge,
17 looks like it's -- how much is the room charge per night?

18 A. Well, it says, says 1,499.

19 Q. There are two rooms, you say?

20 A. Yeah, it was two, I think I got two rooms. I don't
21 remember. I think it was two rooms.

22 Q. Okay. Do you see the total bill, total amount?

23 A. It says 9,398.

24 Q. Do you know if any money was charged to your credit card,
25 if you know?

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1 A. You know, I don't know. I mean, we paid part with a check
2 and part with, part with a credit card, I guess.

3 Q. Do you remember?

4 A. No, I don't.

5 Q. But in addition to the money you gave to the trainer?

6 A. Yes.

7 Q. Did you also --

8 A. We paid something else, I just don't know what.

9 Q. You paid for some additional costs?

10 A. Yes.

11 Q. You don't remember what?

12 A. No.

13 Q. Thank you. And then finally, last area I want to ask you
14 about is, did you -- in 2004, did you provide tickets to the
15 Detroit Pistons NBA Finals --

16 A. Yes.

17 Q. -- to Mayor Kilpatrick? Is that yes?

18 A. Yes, I did.

19 Q. How did that come about?

20 A. You know, I don't know if he asked me if I had any tickets
21 or if I asked him if he wanted to go. I don't really recall
22 that. I just know I got them from a broker.

23 Q. And where were the seats, do you know?

24 A. They were on the floor. They were great seats.

25 Q. And how much --

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1 A. And it was a championship. It was the second-to-last game
2 or something. It was a very important game.

3 Q. Do you know how much you paid for those tickets?

4 A. Yeah, \$10,000.

5 **THE COURT:** Total, or each?

6 **THE WITNESS:** No, for the two tickets.

7 **BY MR. BULLOTTA:**

8 Q. At any point, Mr. Soave, did Kwame Kilpatrick offer to
9 reimburse you for the flights?

10 A. No.

11 Q. Or the trip to -- at Naples that you paid for?

12 A. No.

13 Q. Or any of the items, the watch or anything that was
14 purchased in New York?

15 A. No.

16 Q. Or the -- okay. I think I'm done. I don't think I have
17 any further questions.

18 **THE COURT:** Okay. Let's break until tomorrow
19 morning. See you back in the morning. Thank you.

20 (Jury out 12:55 p.m.)

21 (Proceedings adjourned at 12:55 p.m.)

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C E R T I F I C A T I O N

I, Suzanne Jacques, Official Court Reporter for the United States District Court, Eastern District of Michigan, Southern Division, hereby certify that the foregoing is a correct transcript of the proceedings in the above-entitled cause on the date set forth.

Date: December 5, 2012

s:/Suzanne Jacques
Suzanne Jacques

Official Court Reporter